



Volusia County Schools, Florida Internal Audit Report: Timekeeping

January 18, 2023

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TRANSMITTAL LETTER

January 18, 2023

The Audit Committee of the
School Board of Volusia County, Florida
200 North Clara Avenue
DeLand, FL 32720

Pursuant to our executed Internal Audit Services agreement dated May 17, 2022, we hereby present our Internal Audit of Timekeeping. This report will be presented at the next regularly scheduled Audit Committee meeting on February 8, 2023. Our report is organized in the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in our internal audit over the timekeeping process(es).
Background	This provides an overview of the timekeeping process(es), as well as relevant background information.
Objectives and Approach	The internal audit objectives are expanded upon in this section, as well as a review of the various phases of our approach.
Observations Matrix	This section includes a description of the observations noted during our internal audit and recommended actions, as well as management's response including responsible party, and estimated completion date.
Appendix	This section provides additional supporting documentation relevant to the internal audit.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,



RSM US LLP

EXECUTIVE SUMMARY

Background

Tracking the time worked by the Volusia County Schools (“VCS”, “District”) workforce and processing payments to each employee is a voluminous and complex process. It has a significant budget impact with annual salary amounts in fiscal year 2021-2022 totaling \$469,722,367. The timekeeping process at the District is decentralized, with each District site responsible for the employees at their respective location. Given these components, timekeeping is inherently a high risk function. VCS utilizes a comprehensive system of procedures and policies to handle the complexities of its payroll schedule and to account for its many different types of employees and departments.

Volusia County Schools serves as Florida’s 14th largest Public School District with 61,400+ students, and 7,600+ employees working in Instructional, Administrative, and Support Services. Employees are categorized and paid under a variety of positions, including both collective bargaining and non-bargaining groups. The District’s three (3) labor unions include the American Federation of State, County, and Municipal Employees (“AFSCME”) Council 79, Local 850, Volusia Education Support Association (“VESA”), and the Volusia United Educators.

VCS Payroll Services is responsible for administering the timekeeping process, performing review of timekeeping entries, and remitting payment to District employees for time worked. Employees are paid bi-monthly. Currently, the District uses the Cross Point ERP system to administer these key timekeeping and payroll functions.

Each District site has a designated timekeeper who is responsible for collecting the timekeeping data and documentation for each pay run, keying employee time and time exceptions, and reviewing payroll entry prior to payment.

Objectives and Scope

The primary objective of this internal audit was to evaluate and assess whether the internal control structure over time tracking, recording, monitoring, and reporting is appropriately designed and operating effectively to mitigate inherent risks. Our fieldwork testing utilized sampling and other auditing techniques to meet our audit objective outlined above. Our review included, but was not limited to the following procedures:

- Evaluated the design of key processes and controls identified during interviews of key personnel and walkthroughs of applicable processes, procedures and internal controls;
- Performed detailed testing over timekeeping transactions for review of operating effectiveness of the timekeeping process; including examination of timesheets, supporting records for time recorded including pay stubs and system reports where applicable; and
- Identified and assessed segregation of duties and user access controls for proper monitoring and appropriateness.

Our scope period was December 1, 2021 through May 31, 2022.

We sampled three (3) sites using a risk-oriented approach, including: Port Orange Elementary, Mainland High School, and the Student Transportation Services Department. Following our sampling methodology, we selected ten (10) individuals from each area. These sites were selected to include personnel considered high risk in the timekeeping process, including Custodial and Extended Day Enrichment Programs (“EDEP”) staff.

Summary of Observation Ratings

(See page 9 for risk rating definitions)

	High	Moderate	Low
Timekeeping Internal Audit	3	-	1

Overall Summary / Highlights

For each observation, we discuss the relevant risks, which may include financial, operational, and / or compliance, as well as public perception or ‘brand’ risks. We further provide recommendations and best-practice guidance for the District.

We would like to thank all District team members who assisted us throughout this internal audit.

EXECUTIVE SUMMARY (CONTINUED)

Observations Summary

Below is a summary listing of the observations that were identified during this internal audit. Detailed observations are included in the Observations Matrix section of the report. Definitions of the rating scales are included below.

Summary of Observations and Improvement Opportunities	
Observations	Rating
1. Segregation of Duties and Procedures – Timekeeping Subsystems	High
2. Timekeeping Subsystem User Access	High
3. Manual Timekeeping Process	High
4. Timekeeping Documentation - Verification and Authorization	Low

Provided below are the observation risk rating definitions for the detailed observations starting on the following page.

Observation Risk Rating Definitions	
Rating	Definition
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.

BACKGROUND

Overview

Tracking the time worked by the Volusia County Schools (“VCS”, “District”) workforce and processing payments to each employee is a voluminous and complex process. Schools and departments each perform their own timekeeping functions at the site level. Given this decentralization and the manual components associated with time entry, timekeeping is inherently a high-risk function. Payroll expenditure has a significant budget impact, and for fiscal year 2022-2023 general fund budgeted salary amounts totaled \$469,722,367. The District has established a broad system of procedures and policies to handle the complexities of its payroll schedule and to account for its many different types of employees and departments. Budgeted salary expenses and payroll related data for the District for fiscal years ending June 30, 2021 and 2022 are as follows:

Budget	FY 2020 - 2021	FY 2022 - 2023
Salaries	\$ 323,188,029	\$ 370,589,549
Benefits	\$ 90,098,611	\$ 99,132,818
Total	\$ 413,286,640	\$ 469,722,367

Data obtained from the FY 2021 – 2022 and 2022 – 2023 Budget Reports. This information is unaudited.

Generally, timekeeping is separated into two (2) employee categories: exempt and non-exempt:

- **Exempt:** Exempt positions are paid a fixed salary rather than an hourly wage, and are excluded from minimum wage requirements, overtime regulations, and other protections afforded non-exempt employees. Exempt positions are typically executive, administrative, or professional positions.
- **Non-exempt:** Non-exempt employees, as the term implies, are not exempt from Fair Labor Standards Act (“FLSA”) requirements. Employees who fall within this category must be paid at least the federal minimum wage for each hour worked and given overtime pay of not less than one-and-a-half times their hourly rate of pay for each hour they actually work over the applicable FLSA overtime threshold in the applicable FLSA work period. For VPS, the threshold is 40 hours.

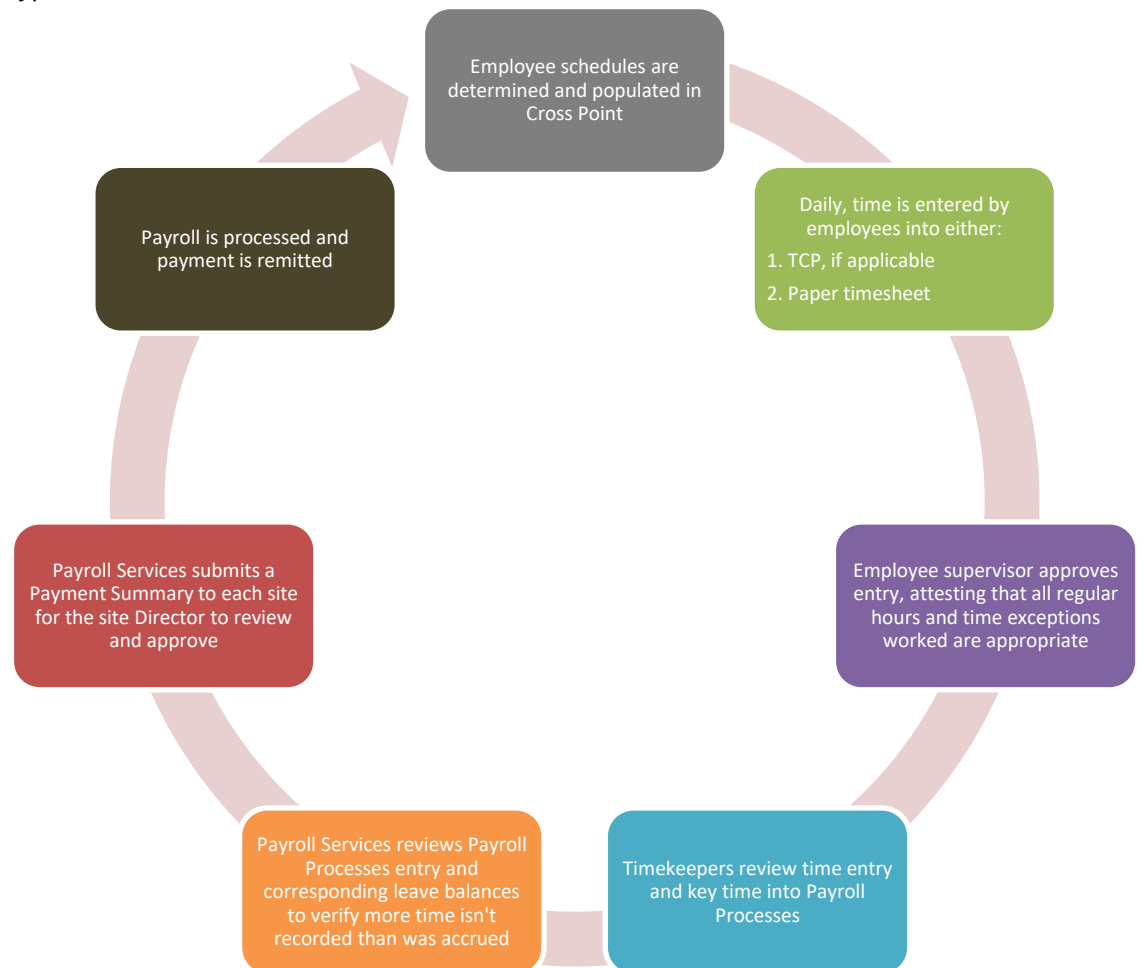
BACKGROUND (Continued)

Timekeeping and Payroll Process

Timekeeping is the process by which an employee's time and leave are recorded. The District's Payroll Services is responsible for administering the timekeeping process, performing review of timekeeping entries, and remitting payment to District employees for time worked. The mission of Payroll Services is to ensure that all employees are paid according to approved payroll and salary schedules and that necessary data, records, and reports are maintained and submitted in compliance with acceptable business and regulatory standards. To meet these objectives, Payroll Services identifies each employee's scheduled hours and tracks this data in its ERP system, "Cross Point". This system accounts for all active employees in the District, their accompanying pay rates, and any other system user access capabilities such as the ability to record time entries for each site timekeeper. Employees may use their District credentials to access information regarding pay types, pay periods, and holidays through Cross Point. Payroll specialists are organized by employee pay type, and site timekeepers direct all payroll inquiries to the payroll specialist assigned to the corresponding employee pay type.

To begin the timekeeping process each pay period, employees, both exempt and non-exempt, must sign in and out each day to track the start and end time daily. This process is predominantly performed on paper sign-in sheets. Exempt employees sign in and out of sites daily, and if necessary complete leave request forms to track any leave hours incurred. Hourly employees complete timesheets and attest to the hours worked during the pay period prior to payroll processing by signing the timesheet. If time other than regular working hours is recorded, including sick leave, paid time off, compensatory time, or extra time and overtime, it must be documented using standard District-wide timekeeping leave documentation. Extra time occurs when time is worked in excess of an employee's regularly scheduled work hours, but less than ten (10) hours in a 24 hour period or 40 hours in a week, when overtime becomes applicable. Extra time is paid at the employee's regular rate. This process requires employee supervisors to review and approve the time exception prior to entry and submission to payroll for processing. Site administrators are responsible for approving overtime, compensatory time, and leave usage.

While the majority of District sites rely on the manual timekeeping processes previously described, the District currently licenses a software system titled "Time Clock Plus" or "TCP" which is a cloud-based time and attendance workforce management system. TCP is currently a live pilot of the system at select sites which includes the Student Transportation Services Department.



BACKGROUND (Continued)

At the District, sites leveraging TCP through the District's pilot program are provided with time punch terminals at centralized locations for employees to sign-in and sign-out of each shift. TCP also provides for remote sign-in online or through web application. TCP entries made by employees, corrections, and keyed time exceptions by timekeepers must be manually uploaded into Cross Point. Currently, the District operates with a limited license that prevents the implementation of TCP across all of its sites and locations.

At the end of each pay period, a designated timekeeper (Administrative Support Specialist or Executive Secretary) is responsible for reviewing leave forms and timesheets for accuracy, following up with the employees/supervisors on any proposed adjustments, and subsequently entering the time exceptions for processing. Each of these processes must be completed and documented manually.

Prior to time entry, each site timekeeper reconciles the hours recorded by each employee to all supporting documentation and agrees the documented time to each employee's schedule. Upon receipt of these paper documents, the timekeeper checks for abnormalities and approval by the employee's supervisor. For those sites that are piloting TCP the timekeeper will view the approvals electronically before downloading the information. The timekeeper will then key or upload the time entry information into a Cross Point web application titled "Payroll Processes". Site timekeepers must log into Payroll Processes using their granted credentials. Payroll Processes entries are automatically populated with each employee's scheduled hours into the period, and as a result timekeepers must only key each employee's time exceptions. These exceptions include all time that is not the employee's regularly scheduled hours, including but not limited to: Sick leave, paid time off, unpaid leave, compensatory time, extra time, and overtime.

Any discrepancies are reported to Payroll Services. Following timekeeping entry lockout, which occurs at the payroll close date, Payroll Services reviews the time entries by each site. At this time, timekeepers can no longer make time entries for employees for the current pay period. During its review, Payroll Services compares leave requests to leave balances for each employee and re-performs the time calculation for all time exceptions. Time reports are generated by Payroll Services and distributed to each District site, which provide a summary of information for the specific pay period. These reports are reviewed by the Director/Principal prior to the remittance of payment. If discrepancies are identified, they are communicated by the Director/Principal to Payroll Services for correction.

Laws and Guidelines

The Federal government, the State of Florida, and the various VCS bargaining units uphold a number of timekeeping-related laws, rules, and regulations that the District must comply with. They include, but are not limited to:

Federal Regulatory Legislation

- Fair Labor Standards Act ("FLSA") – *Creates the right to a minimum wage, and "time-and-a-half" overtime pay when people work over forty hours a week. It also prohibits employment of minors in "oppressive child labor".*
- Family & Medical Leave Act ("FMLA") – *Requires employers to provide employees with job-protected, unpaid leave for qualified medical and family reasons*

Florida Statutes

- FS 17.076 – *Establishes Chief Financial Officer's mandate to establish direct deposit to beneficiaries.*
- FS 112.215 – *Establishes "Government Employees' Deferred Compensation Plan Act".*
- FS 119 – *Establishes public record requirements.*

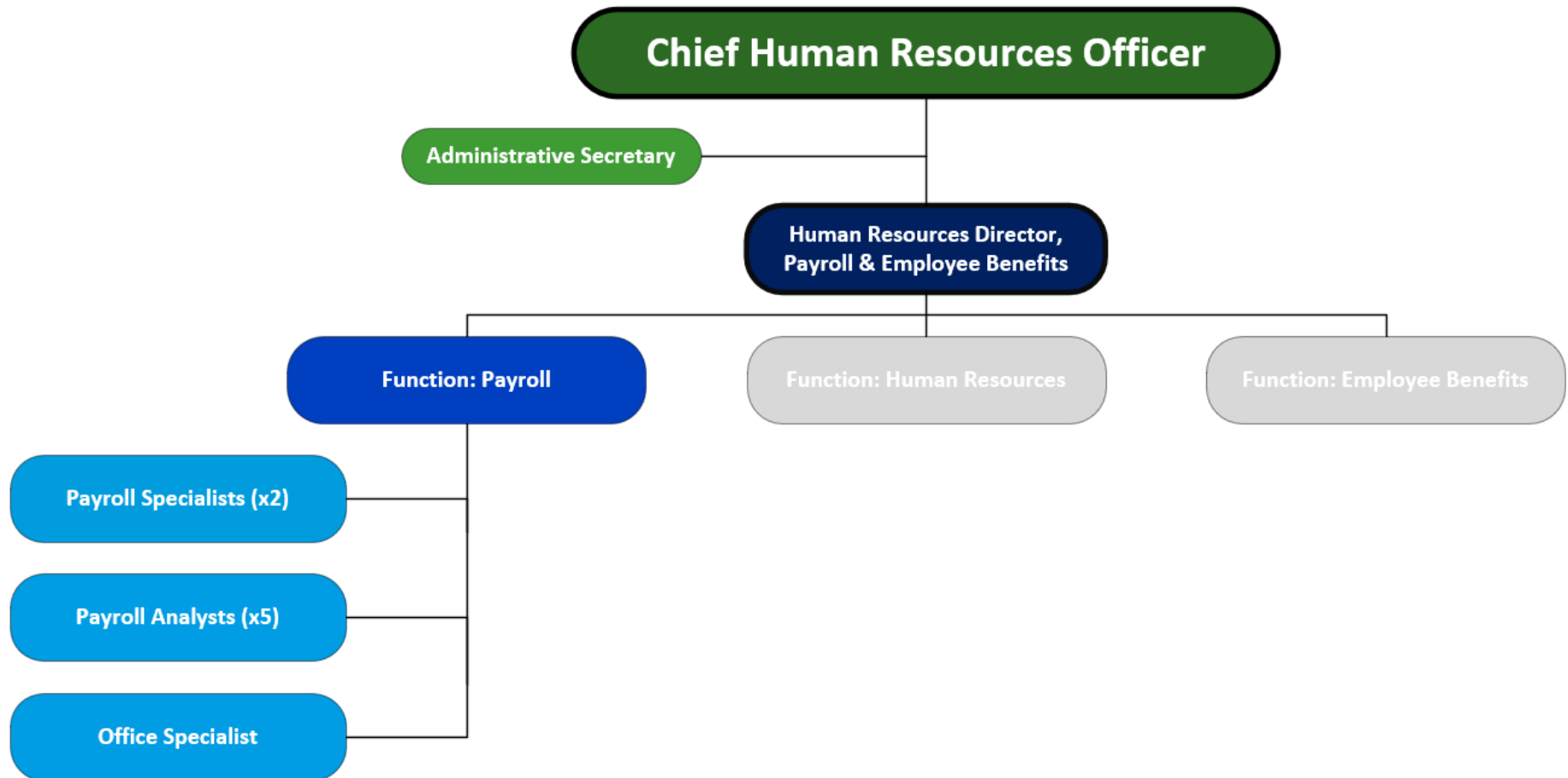
Volusia Public Schools Collective Bargaining Agreement

- American Federation of State, County, and Municipal Employees ("AFSCME") Council 79, Local 850
- The Volusia United Educators
- Volusia Education Support Association

BACKGROUND (CONTINUED)

Organizational Structure

Payroll Services is a sub-division of the Human Resources Department. It is directly managed by the Human Resources Director of Payroll & Employee Benefits, who ultimately reports to the Chief Human Resources Officer. Payroll Services leverages two (2) payroll specialists and seven (7) payroll analysts. At the time of this report, there is one (1) vacancy in the payroll analyst position.



OBJECTIVES AND APPROACH

Objectives

The objective of this internal audit was to assess the design and operating effectiveness of the District's current internal control environment around timekeeping, including adequacy of policies and procedures, training and instructional documentation, segregation of duties, appropriateness of review and approvals, and ability to meet reporting requirements.

Approach

Our approach consisted of the following phases:

Understanding and Documentation of the Process

During this phase, we conducted an entrance conference with the appropriate representatives to discuss the scope and objectives of the audit work, obtain preliminary data, and establish working arrangements. During this phase, our objective was to enhance our current understanding of the process obtained during the previous risk assessment, to document the process, and to identify related controls. We reviewed applicable laws and regulations, including District policy, and performed a walk-through of the processes to validate our understanding.

Evaluation of the Design and Effectiveness of Process and Controls

The purpose of this phase was to assess the controls design of the timekeeping process and to test for compliance. Our fieldwork testing was conducted utilizing sampling and other auditing techniques to meet our audit objective outlined above. Areas of sample-based testing included, but was not limited to:

- Identified and assessed segregation of duties and user access controls for proper monitoring and appropriateness over timekeeping;
- Assessed the location and security of employee timesheets;
- Verified that time and attendance information (overtime, leave, compensatory time, special pay, etc.) agreed to appropriately approved and authorized supporting documentation;
- Determined if payroll changes/adjustments (including changes/adjustments after time has been approved by the Supervisor) are appropriately supported, authorized, and verified;
- Reviewed the completeness and appropriateness of employee and supervisor timesheet approval;
- Verified the completeness and appropriateness of approval of employee time summary documentation by site administrators;
- Verified that hours paid agrees to the supporting documentation (timesheets), is mathematically accurate, and reasonable;
- Assessed the performance and adequacy of pre- and post-payroll monitoring and if performance of such activities is conducted by appropriate persons; and
- Assessed each sampled department/school's and overall District policies and procedures for timekeeping and determine if they are complete, reflect current practice, and are in compliance with the District's policies and procedures.

Reporting

During this phase, we summarized our findings into this report. We have reviewed the results of this audit with appropriate persons in Management.

OBSERVATIONS MATRIX

Observation	1. Segregation of Duties and Procedures – Timekeeping Subsystems
High	<u>Segregation of Duties</u> We noted Human Resources (“HR”) and Payroll Services retain the ability to perform key user access functions for Payroll Processes and TCP, which are timekeeping support applications. These include setting and granting access authority, the ability to enter time for Payroll Process, and perform sign-in and sign-out functions in TCP. As a result, segregation of duties between the granting of system access capabilities and the administration of timekeeping functions have not been sufficiently established within the Payroll Processes and TCP applications. Primary points of contact for each of the District’s timekeeping applications should be identified within the District’s Information Technology Services (“ITS”) Department as system administrators and documented within the ITS Department for reference for all District sites. Currently, there is no formal governance of these system user access processes. Currently, the District’s ITS Department completely manage access to the District’s timekeeping system within Cross Point which is the District’s timekeeping ERP, however, there are support applications (Payroll Process and TCP) that document and feed information into Cross Pointe included in the timekeeping process. As these support systems allow the user to create timekeeping entries and produce sign in and sign out functions there should be clear segregation of duties for the access management similar to the Cross Point user access process. <u>Information Technology Procedures</u> Currently, there are 380 District personnel in Payroll Processes and 203 District personnel in TCP with access. Existing procedures do not define the process by which a new or existing user can have their access capabilities granted/updated or terminated for the support timekeeping applications of Payroll Process and TCP. Additionally, we noted that regularly occurring user access reviews are not performed, and standardized procedures dictating user access review activities does not yet exist (See Observation 2). User access controls should establish which personnel, or class of personnel, are appropriate for each access level. This review should include procedures to determine how, and which user access rights are updated and reviewed, and at what frequency the review is performed. Clear documentation of department responsibilities in the creation of employees in timekeeping subsystems for access capabilities should provide for separation of duties between Payroll Services and ITS personnel, which are not currently established. Per our inquiry, we noted that these procedures are not currently documented for TCP and Payroll Processes. These procedures should be exclusively performed by ITS personnel.

OBSERVATIONS MATRIX (CONTINUED)

Observation	1. Segregation of Duties and Procedures – Timekeeping Subsystems (continued)
Recommendation	We recommend the District analyze and enhance its policies and procedures to establish standard ITS user access procedures for subsystems. This review should be designed to identify varying user access concerns including; if terminated users weren't removed, whether incorrect privileges were assigned, whether current access privileges impede proper segregation of duties, or identify role changes where access to key functions is no longer required. This may include, but is not limited to the following: • The District should perform a baseline review of all roles, define the access capabilities within each role and document for reference. • An in-depth audit review of user access role rights for all VCS related areas to obtain an understanding of the access capabilities within each role. • The District ITS personnel should be directly involved, responsible, and in control of the procedures for all system user role access management and documentation. The user access provisioning should be the responsibility of the ITS function where possible. This process could be further enhanced by the creation of a separation of duties matrix by department whereby, new access will only be provisioned if the access does not create a conflict or if a mitigating control is identified prior to granting the access.
Management's Action Plan	Response: HR/Payroll will turn over granting access to TCP and Payroll Processes to Tech Services. There will be an approval process where payroll determines the level of access needed to each system based on job role. Procedures will follow current technology services process for requesting access. Audits of users will occur based on the tech services audit timeline. Responsible Party: Payroll and Tech Services Estimated Completion Date: May 2023

OBSERVATIONS MATRIX (CONTINUED)

Observation	2. Timekeeping Subsystems User Access												
High	We inquired of Payroll Services and Information Technology Services to identify key functions in Payroll Processes that are used in the timekeeping process. We identified the following key user capabilities: Payroll Processes: • The ability to create time entries; • The ability to edit time entries; and • The ability to grant user access capabilities to Payroll Process for time entry. Based on our walkthrough procedures with various timekeepers at the sampled locations and members of Payroll Services, we identified the job titles that require the ability to create time entries as part of their daily job responsibilities as timekeepers. Once a time entry has been created in Payroll Processes, members of the Payroll Services team are the only users granted the ability to assign those timekeeping entries to a payroll run within Cross Point. Using this methodology in our performance of data analytics of system users, we evaluated the appropriateness of the listed user against their access capabilities in the system. We noted instances of inappropriate access based on user position title, summarized in the following table: <table><tr><th>Application</th><th>Access Capability</th><th>Total Users</th><th>Users with Inappropriate Access</th></tr><tr><td>Payroll Processes</td><td>Create Timekeeping Entry</td><td>381</td><td>10</td></tr><tr><td>Payroll Processes</td><td>Grant User Access</td><td>30</td><td>12</td></tr></table> Of the 381 total users with the ability to create timekeeping entries in the Payroll Processes web application, we identified ten (10) users including bus operators, substitute teachers, and custodians with the ability to create timekeeping entries. These positions were not consistent with District site timekeeper positions. We reached out to the IT department to determine if these users had created inappropriate time entries in the system, however, we were not able to obtain that detail for our review. The ability to grant user access roles to Payroll Processes should be limited to Information Technology Services. During our review, we identified twelve (12) individuals with the ability to grant user access including Maintenance office specialists, substitute teacher, and other analyst positions. We did not identify any instances where these 12 individuals granted inappropriate access. Without the proper user access and segregation of duties surrounding timekeeping, errors, misappropriation of payroll funds, fraudulent time reporting, or other types of irregularities could occur without being detected in a timely manner, if at all.	Application	Access Capability	Total Users	Users with Inappropriate Access	Payroll Processes	Create Timekeeping Entry	381	10	Payroll Processes	Grant User Access	30	12
Application	Access Capability	Total Users	Users with Inappropriate Access										
Payroll Processes	Create Timekeeping Entry	381	10										
Payroll Processes	Grant User Access	30	12										

OBSERVATIONS MATRIX (CONTINUED)

Observation	2. Timekeeping Subsystems User Access (continued)
Recommendation	We recommend that VCS perform a detailed review over all users with edit access to key functions as it relates to timekeeping. We further recommend that any user identified as having excessive or inappropriate edit access has their access to key functions removed. VCS should also develop, document, and implement procedures (See Observation 1) to regularly monitor and review user profiles including terminated employees, temporary user profiles, and transfers within VCS. A documented review of system user access should be performed on at least an annual basis.
Management's Action Plan	Response: Payroll will work with Tech Services to audit access on a quarterly basis. Tech Services will also take over providing access to new users. Responsible Party: Payroll and Tech Services Estimated Completion Date: May 2023

OBSERVATIONS MATRIX (CONTINUED)

Observation	3. Manual Timekeeping Process
High	The VCS timekeeping process is manual in nature. Manual procedures in a timekeeping process increase overall risk of error and miscalculations, and decreases workflow efficiency of the timekeeping process. Manual procedures occur at the point of time entry for District sites using paper timecards and at the point of data upload to Cross Point for sites using TCP. Manual procedures are further performed when timekeepers then key time into Payroll Processing. We noted the following: Manual steps in VCS timekeeping process include: • The recording of time and time exceptions; • Attestation of recorded time by employees and supervisors; • Time spent interpreting unreadable timesheets; • Recalculation of totals; • Follow up on missing timesheets • Time spent interpreting TCP entry or paper sign-in and sign-out documentation; • Timekeepers following up on missing time exception / overtime support, approved leave requests, and other documentation; • Tracking down supervisor approval; • Corrections to errors or other irregularities in the source documents provided; and • Review employee entry into Payroll Process. In addition to manual procedures at the school / department site-level, Payroll Services performs a manual review of time entries and leave balances to verify accuracy. Each manual component of the timekeeping process creates additional risk of miscalculation resulting in under/over payments, human data entry error, fraudulent time reporting, and workflow inefficiencies, and takes time away from staff that may be better utilized on other activities.

OBSERVATIONS MATRIX (CONTINUED)

Observation	3. Manual Timekeeping Process (continued)
Recommendation	The District is currently evaluating its options to implement a District-wide ERP system. During this time, the District should consider incorporating a automated time entry system/module to streamline the collecting, processing, and monitoring of VCS employees' time. If a timekeeping module is determined to be excluded from any future ERP system implementation, the District could consider either 1) a standalone system, or 2) maintaining the current manual process in place and accepting the associated risks. Costs and benefits of each option should be considered. Costs of a timekeeping module or separate system can vary significantly. Notable benefits of an automated timekeeping system can include the following: • Recording time immediately and accurately, based on supervisor and upper management approvals. • Reducing risk of errors during the recording and calculating of employee time and leave of absence. • Applying applicable/appropriate pay rules and policies consistently to all employees including employees working more than one position within VCS, employees covered by union rules (where applicable), hourly employees' overtime tracking, varying pay categories etc. • Allowing ability for systematic review and pre-approval of leave requests. • Allowing staff real-time access to track and monitor leave of absences and prohibit overpayments. • Providing audit trails for any adjustments or changes made to employee records. • Providing relevant ad hoc management reports (i.e., time and attendance, accruals, overtime, and employee data etc.). • Proper budgeting and monitoring (budget vs. actual analysis) of salary funds across all cost centers as mandated by VPS; and assists in compliance with federal rules and regulations. If the District does not pursue automation, we recommend that compliance with existing policies and procedures is proactively monitored to manage the risk of the manual process.
Management's Action Plan	Response: With the pending RFP for a new HR/Payroll system, a more unified timekeeping process will be developed. Responsible Party: Payroll Estimated Completion Date: August 2023

OBSERVATIONS MATRIX (CONTINUED)

Observation	4. Timekeeping Documentation - Verification and Authorization
Low	We sampled three (3) sites using a risk-oriented approach, including: Port Orange Elementary, Mainland High School, and the Student Transportation Services Department. Following our sampling methodology, we selected ten (10) individuals from each area, for a total of thirty (30) sample selections. These sites were selected to include personnel considered high risk in the timekeeping process, including Custodial and Extended Day Enrichment Programs ("EDEP") staff. <u>Time Authorization by Supervisor</u> Per the Volusia County Schools <i>Payroll Procedures Manual</i>, immediate supervisors are required to review and approve all timesheets, timecards, and leave request for each pay period. During our detailed testing of these documents, we noted the following: - Four (4) out of thirty (30), or 13%, of sampled timesheets did not retain evidence of supervisory approval prior to submission to the site timekeeper for entry. All (4) exceptions noted were all the sampled custodial staff sampled within our testing. Upon inquiry, we learned that while District procedures require supervisory review and approval timesheets prior to submission to the site timekeeper, this review was not being performed by the custodial supervisor or the Principal at the school. We noted Custodial Services were previously outsourced to a private vendor, and the District is currently transitioning from to in-house custodial District staff. <u>Time Verification by Employee</u> VCS requires all employees, exempt and non-exempt, to sign-in and -out daily. Signing in and/or out in advance is not permitted. During our review we noted a total of four (4) instances out of thirty (30), or 13% instances of noncompliance with procedures: - One (1) employee did not provide a signature on the paper employee sign-in sheet. - We were unable to verify the identity or timeliness of entry for three (3) individual signatures on the employee sign-in and sign-out sheet at one site tested. This was due to the site's usage of a shared online spreadsheet. Per the FLSA Section 29 CFR 516.2, employers must track and retain hours worked each day for all non-exempt employees. The FLSA provides an alternative to daily time sheets when an employee works a fixed schedule. However, to comply with the law, the employee must affirmatively confirm each week that he or she worked the expected hours within a fixed period. In the event the employee worked any hours less than or greater than the fixed schedule, the total hours worked each day during a week with any deviation from fixed schedule must be specifically recorded by workday. Non-standard timekeeping documentation increases the risk of inaccurate or incomplete employee timesheets and sign-in sheets. Documented and timely reviews should be performed by supervisors of all time and attendance sheets. Each time and attendance sheet must include signature approvals and dates by both employee and supervisor.

OBSERVATIONS MATRIX (CONTINUED)

Observation	4. Timekeeping Documentation - Verification and Authorization (continued)
Recommendation	We recommend that VCS perform the following: • Perform employee training to reinforce the requirement for all employees to certify that the hours worked and reported on their respective timesheets each pay period are accurate pre-payroll, documentation of employee certification should include employees' signature and date of certification. • Reinforce and clarify the requirement for all timesheets to be reviewed and approved by an employee's immediate supervisor pre-payroll. This review can first be performed by the timekeeper; however, it must be additionally documented and approved by the employee's immediate supervisor and include supervisor's signature and date of certification. Additionally, the District could consider updating its current timekeeping procedural manuals to incorporate the implementation of standardized timesheets and time tracking systems at all sites. The timesheet form should include: dates (including year and pay period); site name and number; employee name as it appears on their job record; employee signature and immediate supervisor signature and date. A system of record to track employee sign-in and sign-out time could be standardized to reduce errors and create consistence of retained documentation for timekeeping records, whether it was electronic or manual.
Management's Action Plan	Response: Ongoing training with payroll clerks is offered through the Clerical Institute. Payroll training was recently offered to principals at an HR meeting. These options will continue to occur into FY24. Payroll clerks can also request additional training at any time during the school year. Payroll also conducts quarterly audits of schools and departments where audit findings are reviewed with the principal. Estimated Completion Date: March 2023 Payroll will work to create a consistent paper timesheet for usage throughout the district. With the pending RFP for a new HR/Payroll system, a more unified timekeeping process will be developed. Estimated Completion Date: August 2023 Responsible Party: HR and Payroll



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