



Collier County Public Schools, Florida Internal Audit of Timekeeping

January 24, 2019

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TRANSMITTAL LETTER

January 24, 2019

Dr. Kamela Patton
Superintendent
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Pursuant to our approved Statement of Work dated July 10, 2018, with Collier County Public Schools, FL (“CCPS”), we hereby present our Internal Audit of Timekeeping (“Timekeeping”) report. 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 at CCPS.
Background	This provides an overview of the Timekeeping process at CCPS, as well as relevant background information.
Objectives and Approach	The internal audit objectives are expanded upon in this section and include detailed testing of timekeeping-specific attributes.
Observations Matrix	This section includes a description of the observations noted during our internal audit and recommended actions.
Process Maps	This section illustrates process maps, which identifies data flow, key control points and any identified gaps.

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

Respectfully Submitted,

RSM US LLP

RSM US LLP

EXECUTIVE SUMMARY

Background

Tracking and paying CCPS's workforce is a voluminous, complex, and highly decentralized process. It has a significant budget impact and thus is inherently a high-risk function. For fiscal year ("FY") 2018, salary amount totaled \$290,051,876. There were approximately 7,584 full- and part-time employees for FY 2018.

CCPS includes 31 Elementary Schools, 11 Middle Schools, and 9 High Schools, as well as 7 Charter Schools and 4 Adult & Workforce Education Programs. CCPS also includes various departments such as Financial Services, Human Resources, and School & District Operations.

Employees are paid every two weeks, according to an outlined pay period calendar. For exempt employees and non-exempt salary employees, an exception-based time keeping process is used in the system TERMS, in which only the time that an employee doesn't work (but is scheduled to work) or time that an employee works over scheduled time (overtime) is recorded. Hourly employees record their time in one of two ways: in the electronic timekeeping system Kronos or on physical time cards.

At each department/school, there is a designated Timekeeper (usually the Office Manager or Executive Secretary) who is responsible for reviewing leave forms and timesheets for accuracy and following up with the employees/supervisors on any proposed adjustments, as well as manually entering the time into TERMS for processing.

Overall Summary / Highlights

The observations identified during our assessment are detailed within the pages that follow. 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 CCPS.

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

Objectives and Scope

The objectives for this internal audit were to:

- Obtain an understanding of the overall timekeeping process;
- Identify internal control gaps and provide recommendations to strengthen internal controls around the process;
- Detail test timekeeping transactions to ensure the operating effectiveness of the timekeeping process; and
- Identify and assess segregation of duties and user access controls for proper monitoring and appropriateness.

Our scope period was July 1, 2017 through September 30, 2018.

To gain an understanding of the timekeeping process within CCPS, we sampled six (6) schools as well as four (4) departments/areas using a risk based approach, including: Gulf Coast High School, Palmetto Ridge High School, Immokalee Middle School, East Naples Middle School, Golden Terrace Elementary School, Golden Gate Elementary School, Financial Services, Transportation, Facilities Management, and Nutrition Sciences.

We conducted interviews with key management at each location as well as within the Payroll Department. We performed detailed testing to meet the objectives outlined above, including examination of timesheets, supporting records for time recorded including pay stubs and Kronos reports where applicable, and TERMS access. Following our sampling methodology, we selected sixty-seven (67) individual timesheets from the sampled areas above.

At the conclusion of our audit, we summarized our findings into this written report, and conducted an exit conference with the Financial Services Administrative Director and the Financial Services Assistant Superintendent on January 31st, 2019.

Fieldwork was performed November 2018 through December 2018.

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.

Summary of Observations

1. **Manual Timekeeping Process**
2. **Standardized Timekeeping Policies and Procedures**
3. **Supporting Documentation and Record Retention**
4. **Timesheet Tracking, Verification, and Authorization**
5. **System User Access and Segregation of Duties**
6. **Post Payroll Review**
7. **Compensatory Time**

BACKGROUND

Overview

Tracking and paying CCPS’s workforce is a voluminous, complex, and highly decentralized process. It has a significant budget impact and thus is inherently a high-risk function. For fiscal year (“FY”) 2018, salary amount totaled \$290,051,876. There were approximately 7,584 full- and part-time employees for FY 2017 - 2018. Salary expenses and payroll related data for CCPS for FYs ending June 30, 2017 and 2018 are as follows:

Pay Type	FY 2016 - 2017	FY 2017 - 2018
Regular Wages	\$ 261,957,463	\$ 268,722,495
Overtime	\$ 1,227,318	\$ 1,971,169
Supplemental Pay	\$ 9,312,917	\$ 12,644,319
Term + Sick Leave Buyout	\$ 3,322,419	\$ 3,025,474
Miscellaneous* (Bonuses, VPK, etc.)	\$ 541,241	\$ 3,688,419
Total	\$ 276,361,358	\$ 290,051,876

**We obtained the breakdown of payments classified as miscellaneous for FY 2016 – 2017 and FY 2017 – 2018 from the Budget Department and noted that the significant increase in this category is due to the State expanding of the Best Brightest Bonus payments, awarded to teachers with high-performing classrooms.*

Generally, timekeeping is separated into two categories: exempt and non-exempt:

- Exempt: Exempt positions are paid salary rather than an hourly wage, and are excluded from minimum wages, 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 CCPS, the threshold is 40 hours.

BACKGROUND (CONTINUED)

Timekeeping and Payroll Process

Each department/school in CCPS has a designated Timekeeper (usually the Office Manager or Executive Secretary), who is responsible for all timesheets. Employees are paid every two weeks, according to an outlined pay period calendar. For exempt employees and non-exempt salary employees, an exception-based time keeping process is used in the system TERMS, in which only the time that an employee doesn't work (but is scheduled to work) or time that an employee works over scheduled time (overtime) is recorded. In these instances, employees are paid their period rate plus any recorded overtime (if they are non-exempt).

These employees are paid a period rate of their annual salary divided by the number of pay periods in the fiscal year. Non-exempt employees are paid their period rate plus time and a half their hourly rate for any time worked over 40 hours in a week.

Hourly employees, such as Bus Drivers, Nutrition Service Workers, and Maintenance Technicians, are required to record their time worked hourly per the Collective Bargaining Agreement with Union #79. We noted that Transportation and Maintenance Departments utilize the electronic timekeeping system Kronos in addition to TERMS. For these departments, employees' time worked is electronically recorded in Kronos. When an employee arrives at work, they "clock in" using Kronos which records the time. When they are done working, they "clock out" using Kronos. At the end of a pay period, a designated Timekeeper will export the hours recorded in Kronos and upload the report to TERMS. Nutrition Services does not use Kronos but instead uses physical time cards. They return the time cards to the designated Timekeeper at their location on a weekly basis. These Timekeepers then manually record the time worked into TERMS.

After Payroll processing, the period and payment is posted, Payroll sends the paid timesheet (time report) to the Timekeeper and Department Lead or Principal. The Department Lead or Principal performs a review over the timesheet, signing that the report is accurate.

To request leave, an employee must fill out a Leave Form and have their Department Lead or Principal sign their approval. Next, the employee must return the approved leave form to the Timekeeper. The Timekeeper is responsible for reviewing the leave form for proper approval, accessing TERMS to check if the employee has the needed sick/personal/vacation time available, and entering the leave time in TERMS. If an employee needs to use leave unexpectedly, such as immediately before the school day, they must contact their Timekeeper. The employee is then required to complete the leave form after returning from their leave.

For overtime, employees must fill out an overtime request form and have their Department Lead or Principal approve the leave prior to incurring the overtime hours. Once signed, the employee must turn the Overtime Request Form into the Timekeeper, who inspects the form for proper approval.

Laws and Guidelines

The Federal government and the State of Florida have many laws and statutes that CCPS must comply with regarding timekeeping, hourly pay and labor related issues. They include, but are not limited to, the FLSA, Family & Medical Leave Act ("FMLA") of 1993, and Florida Statutes 17, 112, and 119 which address Direct Deposit, Deferred Compensation and Public Records. In addition to the above, CCPS currently has collective bargaining agreements with three (3) entities for union employees:

- Teamsters Local Union No. 79
- Collier County Association of Educational Office and Classroom Assistant Personnel ("CCAEOCAP")
- Collier County Education Association ("CCEA")

OBJECTIVES AND APPROACH

Objectives

The objectives for the internal audit of the Timekeeping processes included the following:

- Obtain an understanding of the overall timekeeping process;
- Identify internal control gaps and provide recommendations to strengthen internal controls around the process;
- Detail test timekeeping transactions to ensure the operating effectiveness of the timekeeping process; and
- Identify and assess segregation of duties and user access controls for proper monitoring and appropriateness.

Approach

Our approach to the audit execution will consist of the following phases:

Understanding and Documentation of the Process

To gain an understanding of the Timekeeping process, we performed the following:

- Conducted interviews with key management at the District level and at each selected department/school level to obtain an understanding of the overall and departmental practices for time tracking methods, practices, documents and procedures;
- Performed walk-throughs of the processes to validate our understanding; and
- Developed flowcharts of the process (es), which are included in this report.

Evaluation of the Process and Controls Design and Testing of Operating Effectiveness

The purpose of this phase was to evaluate the design of the process and controls and test compliance and internal controls for operating effectiveness based on our understanding of the processes obtained during the first phase. We utilized sampling and other auditing techniques to meet our audit objectives outlined above. We conducted the following testing, and other procedures as deemed necessary

- Identified and assessed segregation of duties and user access controls for proper monitoring and appropriateness over timekeeping and employee masterfile.
- Assessed the location and security of employee records.
- Verified that time and attendance information (overtime, leave, compensatory time, special pay, etc.) agreed to appropriately approved and authorized supporting documentation. Determine that the records and documentation for timekeeping are sufficient to establish an audit trail for all transactions involving employees' time.
- Determined if payroll changes/adjustments (including changes/adjustments after time has been approved by the Supervisor) are appropriately supported, authorized, and verified.
- Reviewed appropriateness of individual and overall time approval.
- Verified that hours paid agree to the supporting documentation (timesheets), is mathematically accurate and reasonable.
- Reviewed the performance and adequacy of pre- and post-payroll reports monitoring and if performed by appropriate persons.
- Reviewed and assessed each department/school's policies and procedures for timekeeping and determine if they are complete, reflect current practice and are in compliance with the CCPS'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 Management.

OBSERVATIONS MATRIX

Observation	1. Manual Timekeeping Process
	<p>The CCPS timekeeping process is heavily manual in nature. Manual procedures in a timekeeping process cause additional procedures which decreases workflow efficiency – manual steps; time spent interpreting unreadable timesheets; follow up on missing timesheets; recalculation of totals; tracking down supervisor approval; corrections; and dealing with other errors or irregularities in the source documents provided.</p> <p>Manual procedures in a timekeeping process increase the risk of (1) human error in data entry, (2) fraudulent time reporting, and (3) processing of unauthorized employee time, which can result in under/over payment of time worked.</p>
<p>Recommendation</p>	<p>It is our understanding that CCPS is currently in the process of researching and identifying ways to automate the manual timekeeping process and update the existing timekeeping system, TERMS. We recommend that CCPS adopt an automated timekeeping system. Notable benefits of an automated timekeeping system can include the following:</p> <ul style="list-style-type: none"> • Reducing the amount of paper utilized and printing/distribution costs; • Recording time immediately and accurately, based on supervisor and upper management approvals; • Reducing risk of errors of recording and calculating 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 CCPS, employees covered by union rules (where applicable), hourly employees’ overtime tracking, varying pay categories etc.; • Allowing ability for systematic review and pre-approval of varying 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 funds across all areas as mandated by CCPS; and Assists in compliance with Federal Rules and Regulations.
<p>Management’s Action Plan</p>	<p>Response: CCPS is currently exploring Enterprise Resource Planning (ERP) options that would address all of the recommendations throughout the report.</p> <p>Responsible Party: Financial Services Department; Human Resources Department; Compensation Department; Technology Department</p> <p>Estimated Completion Date: It is estimated to take several years to identify and implement an ERP software system.</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	2. Standardized Timekeeping Policies and Procedures
	<p>Throughout our testing, we noted that departments/schools generally follow similar processes for timekeeping. However, there are numerous inconsistencies across CCPS regarding how time is recorded and the role and responsibilities of the designated Timekeepers. The Payroll department does provide training in TERMS as part of the on-boarding process for new Timekeepers. However, because there are no centralized formal written District-wide Timekeeping Policies and Procedures in place and inconsistencies exist among various Timekeeper processes in their respective areas, effective training is challenging.</p> <p>For example, we noted that some Timekeepers perform a detailed <i>pre-payroll</i> review of timesheets, while others perform a review of timesheets <i>after</i> payroll processing. When the Principal/Department Lead is out and a timesheet needs to be reviewed (post-payroll processing), some departments/schools have a designated delegate, some have the Timekeeper perform the review, and some wait until the Principal/ Department Lead returns. We also noted inconsistencies in the retention of documents across our sampled areas. See Observation #3.</p> <p>Centralized, standardized, and documented procedures provide vital information to employees in the event of absence and employee turnover, and assist with succession/back up planning or other occurrences. Documented policies and procedures provide detailed instruction to assist in accurate and consistent process functioning, monitoring and reporting. This practice also provides management with a benchmark to monitor against to ensure that staff performs processes that are consistent, accurate, on schedule, and that are properly reviewed, where applicable.</p>
<p>Recommendation</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> • CCPS should create a formalized Timekeeping Policy and Procedure manual that is to apply to all departments/schools. The Timekeeping Policy and Procedure manual should detail the timekeeping process and payroll timeline, as well as key functions in TERMS and Kronos where applicable. The procedures should also include definitions of the various roles as it relates to timekeeping: Employee, Timekeeper, Supervisor, Department Lead, Principal, Payroll, etc. There should also be a provision for how long records are to be maintained. See Observation #3. • Conduct a mandatory District-wide training when the policies and procedures are finalized and issued. Attendance should be mandatory for all Timekeepers and Payroll employees. Periodic training for updates should be performed and attended by new persons involved in the process and as a refresher to existing persons. Training attendance should be maintained to ensure all personnel with timekeeping responsibilities complete the necessary training. • Review policies and procedures at least annually, update the procedures as needed (include the revised date within the document), and provide updated policies/procedures to those involved in the timekeeping process.
<p>Management's Action Plan</p>	<p>Response: CCPS will create a formalized Timekeeping Policy and Procedure manual; conduct mandatory District-wide training when policies and procedures are finalized and issued; review and update policies and procedures annually and update procedures as needed.</p> <p>Responsible Party: Payroll Department and HR/Compensation Department</p> <p>Estimated Completion Date: Fiscal Year 2020-2021</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	3. Supporting Documentation and Record Retention
	<p>Per walkthrough procedures performed for our sampled departments/schools, we noted that there is an inconsistent understanding of how long timesheet supporting documentation (leave forms, time cards, overtime approval, etc.) should be retained.</p> <p>We were unable to obtain support for ten (10) out of twenty-five (25) of our samples that had leave and/or overtime due to lack of document retention (40%). As such, there is no evidence that the leave and/or overtime was properly approved and recorded. Five (5) out of six (6) sampled departments/schools noted that they do not retain these records for more than one (1) year. Nutrition Services did not retain evidence for one (1) of the seven (7) samples and had inconsistent understanding of the retention policy. The additional school (Golden Terrace Elementary School) and the three sampled departments (Transportation, Facilities Management, and Financial Services) were able to provide the leave/overtime forms for our sample period, however, they had varying understandings of the District's retention policy.</p> <p>Maintaining records for prior years is important to mitigate risks. Lack of an audit trail increases CCPS's risk of: non-compliance with CCPS, state, and federal timekeeping requirements; errors, opportunities for misuse or fraud; and ineffective management over timekeeping and payroll processing.</p>
<p>Recommendation</p>	<p>We recommend that Management formally document the retention policy. We further recommend that Management review District, State, and Federal laws and update, when applicable, the internal retention policy on an annual basis to ensure compliance. We recommend that the retention policy be included in the Timekeeping Policies and Procedures Document recommended as part of Observation #2. We further recommend that during the annual training for Timekeepers, the retention policy be reiterated so that accurate documentation is retained.</p> <p>In order to begin retaining the required documents as soon as possible, we recommend that CCPS immediately communicate timekeeping record retention requirements to all involved in the timekeeping process (Timekeeper, Supervisor, Department Lead, Principal, Payroll, etc).</p>
<p>Management's Action Plan</p>	<p>Response: Timekeeping record retention requirements will be formally documented and communicated to all involved in the timekeeping process.</p> <p>Responsible Party: District Operations & Financial Services</p> <p>Estimated Completion Date: Fiscal Year 2020-2021</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	4. Timesheet Tracking, Verification, and Authorization
	<p><u>Timesheet Tracking</u></p> <p>We noted that CCPS tracks time for hourly employees classified as Teamsters, as required per the bargaining agreement with Teamsters Union #79, however, CCPS does not consistently or formally track hours worked for non-exempt employees who are paid a salary rate (as opposed to hourly). CCPS uses the exception-based process for these employees, only tracking time in which the employee does not work (through leave forms) and overtime through overtime approval forms. Further, we noted that some schools/departments allow compensatory time, however, there is not a standardized process for tracking or recording this to ensure that CCPS complies with state and federal laws. See Observation #7.</p> <p><u>Timesheet Verification by Employee</u></p> <p>CCPS policies and procedures do not require non-exempt salary employees to certify to the best of their knowledge that the information is true and correct regarding the payroll hours worked and reported on their respective timesheets.</p> <p>Per the FLSA Section 29 CFR 516.2, employers must track and retain hours worked each day for all non-exempt employees, salary and hourly. 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 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 work day. The exception-based process currently used by CCPS does not meet the requirements of the FLSA because employees are not currently required to confirm each week that they worked only their regularly scheduled hours, and weeks with exceptions do not specify the number of hours worked each day. Not tracking time for non-exempt employees, including compensatory time, leaves CCPS exposed to legal risks and potential lawsuits.</p> <p><u>Timesheet Authorization by Supervisor</u></p> <p>Currently, there is no requirement for an employee's immediate supervisor to approve time reported pre-payroll. Per inquiry with the Payroll Department, Timekeepers are encouraged to run an Edit Report, panel HB659, before finalizing the timesheet and sending it to payroll. However, we noted that this is not consistently occurring across CCPS. See Observation #2. We further noted that, for the departments/schools that do perform a pre-approval, this review is not documented.</p> <p>Effective documented supervisory-level review and approval of time is an important control measure that will help detect and minimize payroll errors, whether intentional or not.</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	4. Timesheet Tracking, Verification, and Authorization (continued)
Recommendation	<p>We recommend that CCPS perform the following:</p> <ul style="list-style-type: none"> Track all non-exempt employees' time, not just by exception. CCPS could track time utilizing Kronos (such as the Maintenance and Transportation Departments) or on physical time cards (such as Nutrition Services). Decide whether or not compensatory time is allowed. If CCPS chooses to allow compensatory time, CCPS will need to formalize the hour limits and process of approving, documenting, tracking (including pay type code for recording of compensatory time) and reconciling earned and taken compensatory by employees, including development of standardized template/tracking mechanism of hours earned and used for the departments/schools to use for monitoring. See Observation #7. Implement a requirement for all employees to certify that the hours worked and reported on their respective timesheets each pay period is accurate. Implement a requirement for all timesheets be reviewed and approved by an employee's immediate supervisor pre-payroll. This review can be performed by the Timekeeper, however, it must be additionally reviewed by the employee's immediate supervisor. <p>The above should be documented and included within the standardized timekeeping policies and procedures. See Observation #2.</p>
Management's Action Plan	<p>Response: CCPS will create a formalized written procedure and is currently exploring ERP options that would address recommendations throughout this report.</p> <p>Responsible Party: Human Resources Department/ Payroll Department</p> <p>Estimated Completion Date: It is estimated to take several years to identify and implement an ERP software system.</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	5. System User Access and Segregation of Duties																						
	<p>We met with Payroll Department to identify key functions in TERMS that are used in the timekeeping process. Per inquiry, key functions that allow a user to edit/update employees' time (including entering leave and overtime) are panels: H607, H608, H609, and H610. During our walkthrough procedures performed at the sampled departments/schools, we obtained corroborative inquiry with designated Timekeepers that these are the key panels they use. We obtained a listing of all users with edit access to the above identified panels in TERMS from the Technology department. We also obtained the SQL query used to generate this listing. Per inspection, we noted that the query scripting had no inappropriate filters, parameters, or exclusions. We identified 287 individuals with access to key timekeeping panels in TERMS.</p> <p>Next, we performed an analysis of the users identified to assess their reasonableness. We grouped the employees into five categories based on job titles, shown in the table below:</p> <table border="1" data-bbox="590 643 1780 1045"> <thead> <tr> <th>Category</th> <th>Job Title</th> <th>Number of Users with Key Timekeeping Access in TERMS</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Office Manager, Department Manager, Executive Secretary, Assistant Managers</td> <td>172</td> </tr> <tr> <td>2</td> <td>Payroll and Budget Personnel</td> <td>11</td> </tr> <tr> <td>3</td> <td>Clerk, General Office Assistants</td> <td>29</td> </tr> <tr> <td>4</td> <td>Principals and Directors</td> <td>15</td> </tr> <tr> <td>5</td> <td>Other (Bus Driver, Substitute Teaching Aid, Nutrition Service Worker, Foreman Tools & Part, Teacher Physical Education Elementary, etc.)</td> <td>60</td> </tr> <tr> <td colspan="2" style="text-align: center;">TOTAL</td> <td>287</td> </tr> </tbody> </table> <p>Based on our walkthrough procedures with various Timekeepers at the sampled locations and members of Payroll Department, we identified the job titles that we believe reasonably require this access as part of their daily job responsibilities as Timekeepers, shown in Category 1 above (172 individuals). Payroll and Budget Personnel, who from our procedures we learned also require this access as part of their job responsibilities, are shown in Category 2 (11 individuals). Twenty-nine (29) individuals with job titles of "Clerk or "General Office Assistant" (shown in Category 3) were identified. Per inquiry with Timekeepers at our sampled locations, these individuals serve as back-up Timekeepers and their access to key functions is also reasonable.</p> <p>We identified fifteen (15) Principals/Department Leads with edit access to Timekeeping functions (Category 4). While their access may not be inappropriate, we believe this access could be excessive as we did not identify a clear business need for Principals/Department Leads to update time records.</p>		Category	Job Title	Number of Users with Key Timekeeping Access in TERMS	1	Office Manager, Department Manager, Executive Secretary, Assistant Managers	172	2	Payroll and Budget Personnel	11	3	Clerk, General Office Assistants	29	4	Principals and Directors	15	5	Other (Bus Driver, Substitute Teaching Aid, Nutrition Service Worker, Foreman Tools & Part, Teacher Physical Education Elementary, etc.)	60	TOTAL		287
Category	Job Title	Number of Users with Key Timekeeping Access in TERMS																					
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TOTAL		287																					

OBSERVATIONS MATRIX (CONTINUED)

Observation	5. System User Access and Segregation of Duties (continued)
	<p>The fifth category we identified is what we believe to be the high risk area for CCPS (Category 5). We identified sixty (60) individuals with job titles that do not align with who we would assume require this level of key access, such as: Bus Driver, Substitute Teaching Aid, Foreman, etc. We inquired about specific individuals identified in this Category with Office Managers at our sampled departments/schools. The majority of the individuals we asked about had previously served in a different role that required this access (2-5 years prior) but the key access was never properly removed when their job responsibilities changed.</p> <p>We noted that, in many instances, CCPS uses a “mirroring access” process in which a new employees’ access is set up to mirror that of another employee, as opposed to specific panels and roles within TERMS being assigned to the new employee. By doing this, CCPS increases the risk that inappropriate access will be passed on to another employee.</p> <p>Additionally, we assessed segregation of duties between individuals with access to edit timesheets and those with the ability to create new employees for payroll processing. Per discussion with Human Resource management, new employees are created in Identity Manager prior to be transferred (systematically) to TERMS. We obtained a listing of users with access to create new employees in Identity Manager. Per inspection, eighteen (18) users have the ability to create new employees. We compared these eighteen (18) users to the listing of users with access to the above key timekeeping functions within TERMS and noted that five (5) Human Resource personnel have the ability to create a new employee and update timesheets.</p> <p>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.</p>
<p>Recommendation</p>	<p>We recommend that CCPS 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 panels removed.</p> <p>CCPS should also develop, document, and implement procedures to regularly monitor and review user profiles including terminated employees, temporary user profiles, and transfers within CCPS. A documented review of system user access should be performed on at least an annual basis.</p>
<p>Management’s Action Plan</p>	<p>Response: System user access and segregation of duties procedures will be incorporated into the Timekeeping Policy and Procedure manual. In addition, user access to timekeeping functions will be reviewed annually.</p> <p>Responsible Party: Technology Department</p> <p>Estimated Completion Date: October 2019</p>

OBSERVATIONS MATRIX (CONTINUED)

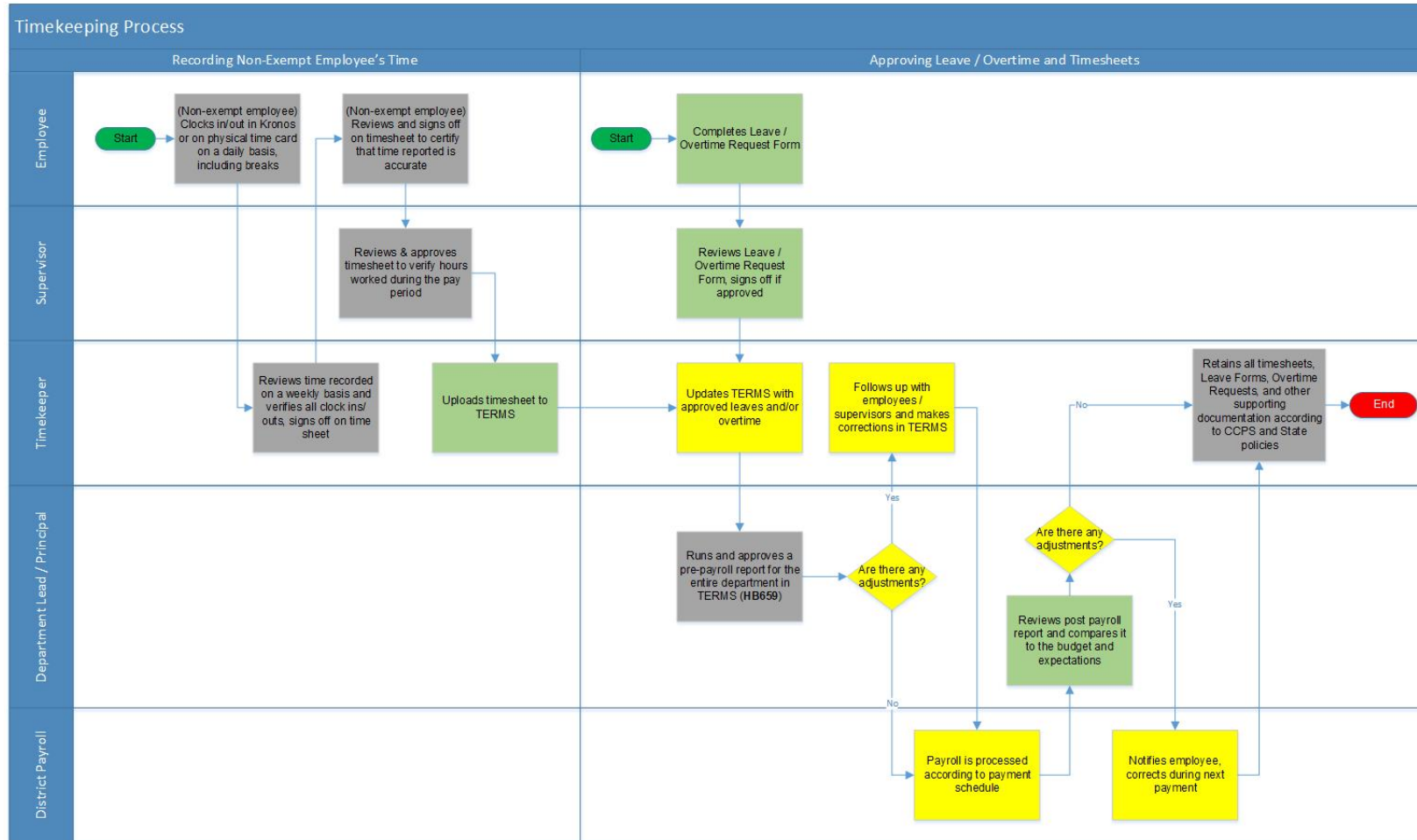
Observation	6. Post Payroll Review
	<p>We noted that Principals/Department Leads are required to sign off on a post payroll report every period, evidencing that they have reviewed and agree with the hours recorded for that period. Per our testing, we noted that this review sometimes occurs well after employee's payment has been posted. Of the sixty-seven (67) sampled timesheets, we noted that seven (7) reviews occurred eleven to fourteen days after payroll processing (10%), six (6) occurred fifteen to nineteen days after payroll processing (9%), and three (3) occurred twenty to twenty-eight days after payroll processing (4%). The post payroll review, appropriate designees, and timeliness is not a documented requirement.</p> <p>An ineffective complete review process, increases CCPS's risk of payroll records containing errors, which may not be properly detected in a timely manner.</p>
<p>Recommendation</p>	<p>We recommend that CCPS formally require Principals/Department Leads, or appropriate level designee independent of time recording process, perform a formal post payroll review by, at least, comparing aggregate totals on post payroll reports to the applicable department/school's internal timekeeping records to verify accurate and complete processing. Any discrepancies identified from this review should be reported back to Payroll in a timely manner. If there are no discrepancies, nothing needs to be reported back to Payroll. This review should be performed within five (5) days of payroll processing. The post payroll review should be documented, so that there is a trail of the review and accountability. The documented review could include an electronic sign off, with the review date and saved to the shared drive. This will aid in the identification of payroll time entry errors, if any.</p> <p>The above process should be documented and included within the standardized timekeeping policies and procedures.</p> <p>See Observation #2.</p>
<p>Management's Action Plan</p>	<p>Response: CCPS will create a formalized Timekeeping Policy and Procedure manual. CCPS is currently exploring ERP options that would address the process for payroll review.</p> <p>Responsible Party: Payroll Department/Human Resources</p> <p>Estimated Completion Date: It is estimated to take several years to identify and implement an ERP software system.</p>

OBSERVATIONS MATRIX (CONTINUED)

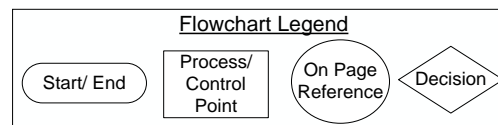
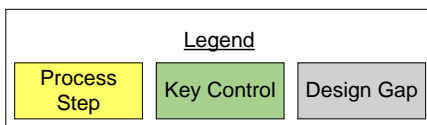
Observation	7. Compensatory Time
	<p>We obtained the communication submitted to all administrators and office managers August 2017 regarding compensatory time. It notes that all non-exempt employees are required to be compensated for any hours worked over 40 in a work week, and that all time is recorded in Comp Time / Overtime / Flex Time Forms, and these forms need to be retained for each school year. Per our discussions at the sampled schools/departments, there is an inconsistent understanding on this policy and what the appropriate documentation procedures are. We noted that if the sampled school/department allowed compensatory time, documentation was not formalized or consistently retained, and approval of compensatory time was not documented. This informal and highly manual process is susceptible to inaccuracies.</p>
<p>Recommendation</p>	<p>We recommend that CCPS hold trainings on compensatory time and how to properly track and document it. Attendance should be required and documented for all Timekeepers. Additionally, CCPS should redistribute the policy on compensatory time to all Principals, Department Directors, Office Managers, and Payroll employees. We further recommend that the policy on compensatory time be included in the standardized timekeeping policies and procedures recommended as part of Observation #2.</p>
<p>Management's Action Plan</p>	<p>Response: CCPS will create a formalized training on compensatory time with mandatory attendance for key timekeepers in the District. CCPS will redistribute procedures on compensatory time to all Principals, Department Directors, Office Managers, and Payroll employees.</p> <p>Responsible Party: Human Resources Department</p> <p>Estimated Completion Date: October 2019</p>

PROCESS MAP

The flow chart on the following pages illustrates the best practice processes for timekeeping given CCPS's current applications (TERMS, some use of Kronos). Process gaps in the current timekeeping procedures are identified below.



Legends





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