

**Continuous Audit -  
Payroll and Disbursements  
for July 1, 2024 through  
December 31, 2024**

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**Date:** May 19, 2025

**To:** Board of Trustees  
Stephanie S. Elizalde, Ed.D., Superintendent

**From:** Robert Rubel, MBA, CPA, CIA, CISA  
Chief Internal Audit Officer

**Subject:** Continuous Audit - Payroll and Disbursements for July 1, 2024 through December 31, 2024

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## Executive Summary

The Dallas Independent School District (District) Office of Internal Audit (OIA) has completed the Continuous Audit - Payroll and Disbursements for July 1, 2024 through December 31, 2024.

This audit focused on analyzing the District's payroll and disbursement transactions for the period of July 1, 2024, to December 31, 2024.

There were no recommendations made in this audit report.

## Background

Table 1 below shows disbursement transaction details for the audit period.

| Table 1 – Accounts Payable Activity Processed July 1 through December 31, 2024 |               |
|--------------------------------------------------------------------------------|---------------|
| Description                                                                    |               |
| Number of Active Vendors <sup>1</sup>                                          | 8,418         |
| Number of Vendors with Invoices Paid                                           | 1,841         |
| Number of Invoices Paid                                                        | 62,445        |
| Invoice Amount Paid                                                            | \$878,905,091 |
|                                                                                |               |
| Number of Employees with Mileage Reimbursement <sup>2</sup>                    | 759           |
| Mileage Reimbursement Amount                                                   | \$272,188     |
| Miles Reimbursed                                                               | 406,268       |

Table 2 below shows payroll transaction details for the audit period.

| Table 2 – Payroll Activity Processed During July 1 - December 31, 2024 |               |
|------------------------------------------------------------------------|---------------|
| Description                                                            |               |
| Number of Employees Paid                                               | 25,569        |
| Number of Employee Payroll Payments                                    | 163,919       |
| Employee Payroll Amount                                                | \$522,884,659 |
|                                                                        |               |

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<sup>1</sup> Vendors as of February 25, 2025

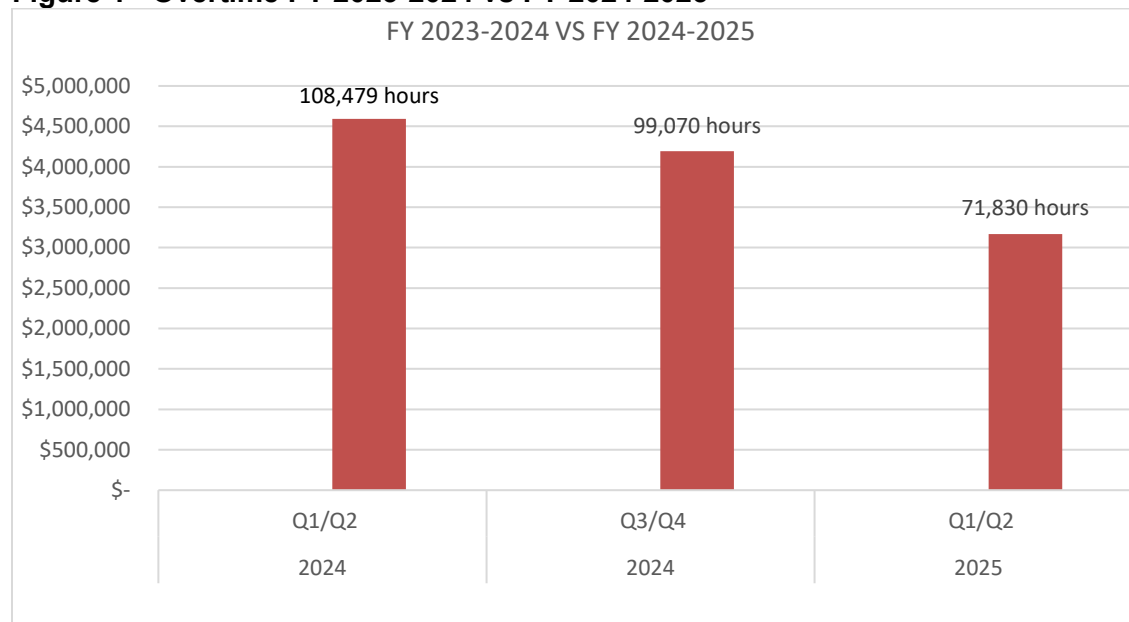
<sup>2</sup> Mileage reimbursements tested do not include mileage stipends disbursed to management

| <b>Table 2 (cont'd.) – Payroll Activity Processed During July 1 - December 31, 2024</b> |              |
|-----------------------------------------------------------------------------------------|--------------|
| Number of Employees Paid Overtime (OT)                                                  | 3,095        |
| Number of Overtime Hours                                                                | 71,830       |
| Overtime Amount                                                                         | \$3,169,533  |
|                                                                                         |              |
| Number of Employees Paid Secondary Pay Source (SPS) <sup>3</sup>                        | 2,504        |
| Number of SPS Hours                                                                     | 169,064      |
| SPS Amount                                                                              | \$6,467,493  |
| Overtime and SPS Amount                                                                 | \$9,637,026  |
|                                                                                         |              |
| Number of Employees Paid Supplemental Pay <sup>4</sup>                                  | 11,707       |
| Number of Locations with Supplemental Pay                                               | 670          |
| Number of Supplemental Pay Hours                                                        | 663,373      |
| Amount of Supplemental Pay                                                              | \$26,952,153 |

Auditors noted employees accrue overtime from multiple sources. Overtime is accrued when an employee is clocked in under their typical job function and they work more than 40 hours in a single workweek or 80 hours in a bi-weekly pay period. Overtime hours can also be accrued when clocked in under Secondary Pay Source (SPS) and have worked more than 80 hours within a bi-weekly pay period.

Auditors noted a decrease in overtime expenses since the recommendation made in the prior continuous payroll and disbursements audit, presented at the November 19, 2024 audit committee meeting. Figure 1 below shows overtime for Q1/Q2 and Q3/Q4 of FY 2024, and Q1/Q2 of FY 2025. Q1/Q2 FY 2025 overtime hours decreased by 34% from Q1/Q2 and 28% from Q3/Q4 of the prior FY 2024 year.

**Figure 1 - Overtime FY 2023-2024 vs FY 2024-2025**



<sup>3</sup> Secondary Pay Source pay is paid out as 1.5 times the hourly rate of an employee when that employee exceeds 80 hours in a biweekly pay period

<sup>4</sup> Supplemental pay data also includes secondary pay source

## Scope

The audit included activity for the period of July 1, 2024, to December 31, 2024. Certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

## Objective

The objective of the audit is to continuously analyze the District's payroll and disbursement transactions.

## Methodology

OIA reviewed payroll and disbursement data and used TeamMate Analytics (TMA), a data analytics software, to conduct the following:

### Payroll

1. Duplicate Employee Payments – To identify potential duplicate payments made to employees, auditors obtained a listing of employee payroll payments dated July 1, 2024 through December 31, 2024. Auditors then isolated payments by pay period, totaling 6 monthly periods for exempt employees and 12 biweekly pay periods for non-exempt employees, and used the TMA “Duplicate Employee Payments” test for each pay period to identify employees with multiple payments within a pay period. For any employees identified, auditors first reviewed for any unusual payment information such as dates or amounts. For any abnormalities noted, auditors reviewed the correlating employee statement of earnings and timesheets to verify payments were valid and not duplicated.  
No observations were noted.
2. Duplicate Employees – To identify potential duplicate or fictitious employees, auditors obtained the master employee file as of February 4, 2025, from Oracle and ran the TMA “Duplicate Employees” test to identify employee profiles containing the same name, address, social security number, or bank account. Auditors noted no employees had the same social security number, 1,002 had the same address, 1,186 had the same name, and 360 had the same bank account. From each of the categories above, auditors selected at least 10 employees and conducted further review by comparing job titles, dates of birth, and other relevant employee information. Additionally, for the sample selection of employees with duplicate bank accounts, auditors reviewed clock-in details to confirm clock ins occurred at different locations, times, etc.  
No observations were noted.
3. Overtime Paid to Unauthorized Employees – To determine if overtime was only paid to authorized individuals, auditors obtained a report of overtime paid from July 1, 2024 through December 31, 2024 and verified all employees had a “non-exempt” status at the time overtime was accrued.  
No observations were noted.

4. Excessive Overtime Hours – To identify potential overpayments or excessive use of overtime hours, auditors obtained a report of employee overtime payments from July 1, 2024 through December 31, 2024 and reviewed overtime hours for reasonableness.  
No observations were noted.
5. Supplemental Pay Review – To identify potential improper use of supplement pay, auditors obtained supplemental payment transactions paid from July 1, 2024 through December 31, 2024 from Oracle. Using the report detail, auditors compared a list of job descriptions to the element name to review if the supplemental pay description was reasonable for the employee's job description (i.e. a custodial job description was not paid supplemental pay using the tutor element). Additionally, auditors sampled 20 employees with supplemental pay and verified the rate paid for the activity matched the District's compensation handbook or other supporting documentation.  
No observations were noted.

### Disbursements

6. Duplicate Vendors – To identify duplicate vendors potentially resulting in duplicate payments, auditors obtained the master vendor file as of February 25, 2025, from Oracle and ran the TMA "Duplicate Vendors" test to identify vendors with the same name, address, and/or registered company number (taxpayer ID). The test identified 73 instances of vendors with the same address, 40 instances of vendors with the same bank account, and 25 instances of vendors with the same taxpayer ID. For vendors with duplicate information, auditors reviewed their payments made for the audit period and analyzed invoice numbers, PO numbers, invoice dates, etc. to identify any potential duplicate payments.  
No observations were noted.
7. Duplicate Payments – To identify potential duplicate payments, auditors obtained a report of invoices paid from July 1, 2024 through December 31, 2024, from Oracle. Using the report detail, auditors ran the TMA "Duplicate Purchase Invoices/Payments" test to identify separate payments made to a vendor containing the same invoice number. The test identified zero instances in Q1 and Q2.  
No observations were noted.
8. Mileage Expenses – To determine if unusually high mileage expenses were appropriate, auditors obtained an Oracle report of mileage expenses paid from July 1, 2024 through December 31, 2024 and reviewed mileage data for reasonableness. For any unusually high mileage identified, auditors reviewed expense report details for justifications for mileage reimbursement, possible duplicate lines of mileage reimbursed, and possible round-trip reimbursement for one-way trips.  
No observations were noted.
9. Payments to Non-Awarded Vendors – To identify any payments made to non-awarded vendors, auditors obtained a list of awarded vendors as of as of February 25, 2025 and compared to a listing of payments made to vendors dated from July 1, 2024 through December 31, 2024. Auditors reviewed payments made to non-awarded vendors which totaled over \$150,000 to verify each vendor met the criteria for a non-awarded vendor to be used.  
No observations were noted.

10. Payment Timing – To identify payments not made in accordance with the Prompt Pay Act, auditors requested an aging report as of February 2025 that identified invoices received without a payment hold that were past the 30-day payment term. Auditors noted five transactions that were greater than 30 days. For the five transactions identified, auditors verified they were paid or were on hold as of April 25, 2025.  
No observations were noted.
11. Vendor vs. Employee Master Files – To identify active employees that are also paid as a vendor, auditors utilized TMA to compare the master employee file (as of February 4, 2025) with vendor master file (as of February 25, 2025) to match profiles that had the same bank account number. Auditors identified 16 instances where a vendor in the vendor master file had the same bank account number as an employee in the employee master file. Auditors reviewed each matching profile to verify no payments were made to an employee's vendor account while they were an active employee.  
No observations were noted.

Primary criteria used for this audit included:

- 1) Dallas Independent School District (ISD) Purchasing Manual, dated August 2023
- 2) Dallas ISD 2024-2025 Compensation Handbook
- 3) Dallas ISD Board Policy DEA – Compensation and Benefits: Compensation Plan (Regulation) – date issued: December 15, 2024

## Audit Observations and Recommendations

No observations or recommendations were identified for this audit of payroll and disbursement expenditures for July 1, 2024 through December 31, 2024.

## Conclusion

We would like to thank Payroll Business Services and Accounting Services for their cooperation and assistance during this audit.

The audit was conducted in conformance with the Institute of Internal Auditors' *Global Internal Audit Standards*. Those standards require OIA to plan and perform the audit to obtain sufficient, reliable, and relevant evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. OIA believes the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Respectfully submitted,

*Robert Rubel*

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Chief Internal Audit Officer

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Acknowledgments:

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