



Internal Audit

**Continuous Audit -
Payroll and Disbursements
for July 1 to December 31, 2025**

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Date: September 16, 2026

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 to December 31, 2025

Executive Summary

The Dallas Independent School District (District) Office of Internal Audit (OIA) has completed the Continuous Audit - Payroll and Disbursements for July 1 to December 31, 2025.

This audit focused on analyzing the District's payroll and disbursement transactions for the period of July 1 to December 31, 2025.

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 - December 31, 2025	
Description	
Number of Active Vendors ¹	8,486
Number of Vendors with Invoices Paid	1,676
Number of Invoices Paid	59,360
Invoice Amount Paid	\$749,426,989
Mileage Reimbursement Amount	\$277,358
Miles Reimbursed	396,349

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

Table 2 – Payroll Activity Processed During July 1 - December 31, 2025	
Description	
Number of Employees Paid	24,635
Number of Employee Payroll Payments	165,464
Employee Payroll Amount	\$530,169,698
Number of Employees Paid Overtime (OT)	3,132
Number of Overtime Hours	82,103
Overtime Amount	\$3,639,589

¹ Vendors as of April 2, 2026

Table 2 (cont'd.) – Payroll Activity Processed During July 1 - December 31, 2025	
Number of Employees Paid Secondary Pay Source (SPS) ²	2,552
Number of SPS Hours	160,991
SPS Amount	\$6,348,066
Overtime and SPS Amount	\$9,987,655

Scope

The audit included activity for the period of July 1, 2025, to December 31, 2025. Certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

Objective

The objective of this audit is to continuously analyze the District's payroll and disbursement transactions on a semi-annual basis to assess their validity, accuracy, and compliance with applicable policies, procedures, and regulations.

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 through December 31, 2025. Auditors then isolated payments by pay period, totaling 6 monthly periods for exempt employees and 13 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. As applicable, auditors then 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 2, 2026, 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, 1,864 had the same address, 1,150 had the same name, and 338 had the same bank account. From each of the categories above, auditors selected 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 separate locations, and times.
No observations were noted.

² 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.

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 through December 31, 2025, and verified all employees had a “non-exempt” status at the time overtime was accrued.
No observations were noted.
4. Overtime Limit Review - To identify employees who exceeded the permissible overtime threshold of 25% of their annual salary, auditors obtained a report detailing employee overtime payments made (including those from a secondary pay source) for July 1 through December 31, 2025, and compared to their annual salary.
No observations were noted.

Disbursements

5. Duplicate Vendors – To identify duplicate vendors potentially resulting in duplicate payments, auditors obtained the master vendor file as of February 5, 2026, 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 88 instances of vendors with the same address, 22 instances of vendors with the same bank account, and 8 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; however, results were communicated to management.
6. Duplicate Payments – To identify potential duplicate payments, auditors obtained a report of invoices paid from July 1 through December 31, 2025, 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 no instances in Q1 and Q2.
No observations were noted.
7. Mileage Expenses – To determine if unusually high mileage expenses were appropriate, auditors obtained an Oracle report of mileage expenses paid from July 1 through December 31, 2025, 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.
8. Payments to Non-Awarded Vendors – To determine if payments made to non-awarded vendors were in compliance with purchasing policies, auditors obtained a list of awarded vendors as of April 1, 2026, and compared to a listing of payments made to vendors dated from July 1 through December 31, 2025. Auditors reviewed payments made to non-awarded vendors which totaled over \$50,000 to verify each vendor met the criteria for a non-awarded vendor to be used.
No observations were noted.
9. Payment Timing – To identify payments not made in accordance with the Prompt Pay Act, auditors requested an aging report as of March 4, 2026, that identified invoices received without a payment hold that were past the 30-day payment term.
No observations were noted.

10. Vendor vs. Employee Master Files – To identify active employees paid as a vendor, auditors utilized TMA to compare the master employee file (as of February 5, 2026) with vendor master file (as of February 6, 2026) to match profiles that had the same bank account number. Auditors identified 17 instances where a vendor in the vendor master file had the same bank account number as an employee. 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.
11. Supplemental Pay Review – To identify potential misuse of supplement pay, auditors obtained supplemental payments made from July 1 through December 31, 2025, from Oracle including the supplemental element name and any associated activity codes. Using the report detail, auditors compared a list of job descriptions to the element name to determine if the supplemental pay description was reasonable for that employee's job description (i.e. a custodial job description was not paid supplemental pay using the tutor element). 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 2025-2026 Compensation Handbook
- 3) Dallas ISD Board Policy DEA – Compensation and Benefits: Compensation Plan (Regulation) – date issued: February 6, 2025

Audit Observations and Recommendations

No observations or recommendations were identified for this audit of payroll and disbursement expenditures for July 1 through December 31, 2025.

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

Robert Rubel, MBA, CPA, CIA, CISA
Chief Internal Audit Officer

Cc: Pamela Lear, Ed.D., Deputy Superintendent of Staff and Accountability
Eduardo Ramos, Deputy Superintendent of Business Services, Financial Services
Ramiro Mercado, Executive Director I, Payroll Business Services, Financial Services
Edward Sorola, Executive Director II, Financial Services

Acknowledgments:

Eva Narten, CPA, CIA, CISA, Deputy Chief, Internal Audit

Richard Siu, CIA, Audit Manager

Osvaldo Alonso, CFE, Auditor II

Nishudhanaa Tennur Narayanan, Intern