

December 2016

# Highlights

Internal Audit Report to the Board of Supervisors/School Board

## Why We Did This Review

Internal Audit conducted this review as part of our FY2015 audit plan approved by the County Administrator and School Board Superintendent.

The audit focused on reviewing the school payroll function for accuracy and compliance. Our primary objectives were to:

- Test payroll and leave transactions.
- Evaluate compliance with policies, procedures, laws, and regulations.
- Perform exception testing of payroll master file.
- Report results to School Board management.

## What We Recommend

- Limit employee's system access to the level needed to perform their duties. Develop and distribute user access reports for periodic management review.
- Provide departments with detail of employees paid by period.
- Consider opportunities to streamline processes and have more employees directly report their time and attendance electronically.
- Define a consistent payment method for noted employees to comply with FLSA.
- Assign responsibility for reconciliations of all revenue accounts to ensure proper accounting.



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## School Payroll Compensation & Benefits



Chesterfield County Public Schools  
Innovative. Engaging.

## What We Found

Payroll is a core financial function that includes responsibility for paying approved positions at authorized rates, time and leave reporting, wage deductions, depositing and reporting taxes, and W-2 reporting. Payroll was responsible for processing over \$320 million to roughly 11,000 school employees during CY14 including part-time, substitutes and temporary workers. Over the past several years, change and complexity of regulatory requirements and benefits, combined with periodic system update testing has increased payroll employee workload.

Overall we noted School Finance, Human Resources, and Compensation and Benefits maintained supporting documentation and accurately processed payroll in a timely manner. We identified the following concerns and opportunities for improvement:

- Proper segregation of system access does not exist. Three Payroll and Finance personnel also have access to Human Resource functions within the system. Human Resource functions include the ability to add personnel, establish or adjust pay assignments, and change employee status (active or separated).
- Management does not receive a departmental report detailing employees paid to verify accuracy and proper cut-off for any terminations.
- The timecard system is not used to report hours by all employees. Certain employees submit manual timesheets for central processing by Payroll.
- Inconsistent compensation for employees scheduling fieldtrips and non-compliance with policy prohibiting non-exempt employees from volunteering was noted.
- School Transportation bills for certain school fieldtrip cost, including bus driver time. Reconciliations of the corresponding interdepartmental transportation revenue accounts were not performed.

Management concurred with 21 of 21 recommendations to be implemented from December 31, 2016 to October 31, 2017.

We appreciate the cooperation received from management and staff while conducting this audit.