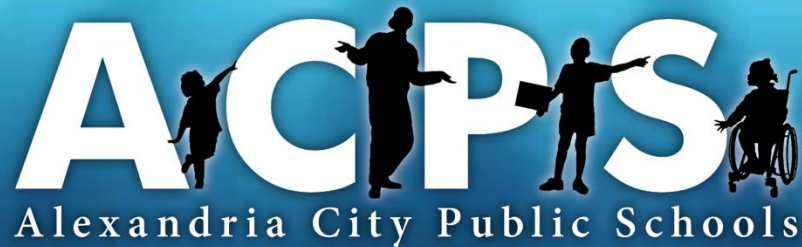


Performance Audit Staff Updates

Payroll Processes

School Board Meeting

January 11, 2018



Every Student Succeeds

Essential Questions

- What is the status of the Gibson Consulting performance audit program?
- What were the recommendations of the Gibson audit of our payroll processes?
- How did ACPS management respond initially to those recommendations?
- What work has been completed to implement the recommendations subsequent to the audit?

Audit Program Background and Implementation

Audit Program Work Completed

Division-Wide Risk
Assessment

School Board
Direction on Audit
Plan

Completion of
Three Functional
Audits

Initial
Implementation of
Audit
Recommendations

Continuous Improvement Moving Forward

Continued
Implementation of
Audit
Recommendations

Continued
Progress Reporting
to School Board

Audits of
Additional
Functions

Payroll Audit Summary

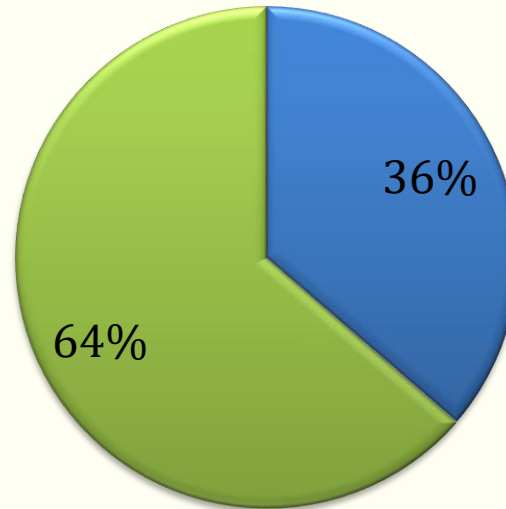
Recommendations

- 11 Recommendations:
 - High Priority: 4
 - Medium Priority: 4
 - Low Priority: 3

Work Completed Outside of Audit

- Prior to audit, multi-department internal work group formed, consisting of representatives from:
 - Technology Services
 - Human Resources
 - Financial Services
- Work group has evaluated and streamlined many Division-wide payroll processes and has jointly written a payroll process manual.
- Work Group separately identified and began to address many of the same subjects subsequently discussed in this audit.

Recommendation Implementation



Key	Status	Number of Recommendations	Percentage of Recommendations
	Recommendation Fully Implemented on Schedule	4	36.4%
	Implementation In-Progress on Schedule	7	63.6%
	Implementation Not on Schedule	0	0.0%
	Management Disagreed with Recommendation	0	0.0%
Total		11	100.0%

Recommendations and Status

#	Recommendation	Gibson Priority	Target Completion	Status
1	Evaluate opportunities to streamline the payroll process.	High	On-going	In Progress and On Track
2	Conduct an analytical review of all overtime, including historical trends and extra duty hours, to ensure appropriateness.	Medium	February 2018	In Progress and On Track
3	Require all employees to enroll in direct deposit.	Low	June 2018	In Progress and On Track
4	Implement performance measures to monitor the payroll function's efficiency.	Low	November 2017	Completed On Time
5	Update the division payroll manual to reflect all current procedures.	Low	April 2018	In Progress and On Track
6	Reduce the number of off-cycle payroll runs/warrants.	Medium	April 2018	In Progress and On Track
7	Implement controls to eliminate late time reporting.	High	June 2018	In Progress and On Track
8	Implement controls to ensure that stop payment orders are implemented for all checks that are reissued.	Medium	October 2017	Completed On Time
9	Enhance supervisory review procedures for all payout calculations.	High	May 2018	In Progress and On Track
10	Implement controls to consistently record coaching compensation and student activity stipend pay under related pay types within MUNIS.	Medium	October 2017	Completed On Time
11	Implement controls to ensure that all employees who receive a monetary supplement for middle school and club sports assignments receive separate contracts executed by the School Board, as outlined by School Board Policy.	High	October 2017	Completed On Time

Recommendation #1

Improve the Efficiency of Payroll Processes

Recommendation

- Evaluate opportunities to streamline the payroll process.

Management Response

Target Completion: Ongoing

- Management agreed with the recommendation.

Implementation

Status: In Progress

- Full internal payroll process and procedures manual has been created including current-state maps of all related processes.
- Staff currently reviewing additional processes in the TCP/MUNIS workgroup to minimize manual procedures, automate data entry and implement additional audit checks throughout processes.
- Examples of the areas being considered include:
 - Reporting Transportation staff overtime/additional hours using TCP
 - Importing Summer School staff hours

IN PROGRESS

Recommendation #2

Perform Analytical Review of Overtime

Recommendation

- Conduct an analytical review of all overtime, including historical trends and extra duty hours, to ensure appropriateness.

Management Response

Target Completion: February 2018

- Management agreed with the recommendation.

Implementation

Status: To be Completed February 2018 (On Track)

- Budget has completed an initial analysis and the TCP/MUNIS workgroup has started conversations with Transportation to develop staff scheduling efficiencies.
- Accounting and Budget are reviewing procedures for analyzing trends in earnings categories and enhancing payroll reports available to managers to monitor staff overtime.

IN PROGRESS

Recommendation #3

Direct Deposit for All Employees

Recommendation

- Require all employees to enroll in direct deposit.

Management Response

Target Completion: June 2018

- Management agreed with the recommendation.

Implementation

Status: To Be Completed June 2018 (On Track)

- TCP/MUNIS workgroup initiating efforts to make direct deposit mandatory for all employees.
- Efforts to include adequate notification to employees before the mandatory date and thoughtful communication throughout the rollout.
- Some exemptions may be granted in extenuating circumstances.

IN PROGRESS

Recommendation #4

Track Payroll Office Performance Measures

Recommendation

- Implement performance measures to monitor the payroll function's efficiency.

Management Response

Target Completion: November 2017

- Management agreed with the recommendation.

Implementation

Status: Completed on Time

- The following performance measures, focusing on operational efficiency, were established:
 - Overtime hours per payroll employee
 - Number of payroll runs per month (main/off-cycle pay runs)
 - Number and amount of overpayments/underpayments issued



Recommendation #5

Update Payroll Manual

Recommendation

- Update the division payroll manual to reflect all current procedures.

Management Response

Target Completion: April 2018

- Management agreed with the recommendation.

Implementation

Status: To be Completed April 2018 (On Track)

- The first complete internal payroll process and procedures manual was completed in May 2017 and biennial updates are planned.
- The next scheduled update of the manual will be April 2018.

IN PROGRESS

Recommendation #6

Reduce Off-cycle Pay Runs

Recommendation

- Reduce the number of off-cycle payroll runs/warrants.

Management Response

Target Completion: April 2018

- Management agreed with the recommendation.

Implementation

Status: To be Completed April 2018 (On Track)

- TCP/MUNIS workgroup is reviewing the factors contributing towards the off-cycle pay warrants and will write guidelines to minimize them.

IN PROGRESS

Recommendation #7

Eliminate Late Time Reporting

Recommendation

- Implement controls to eliminate late time reporting.

Management Response

Target Completion: June 2018

- Management agreed with the recommendation.

Implementation

Status: To be Completed June 2018 (On Track)

- The Payroll Office is reviewing the processes to encourage prompt timesheet submissions, including ensuring managers and employees are knowledgeable about the payroll schedule and deadlines as well as providing timely reminders to managers.

IN PROGRESS

Recommendation #8

Stop Payment Orders for Stale Check Reissues

Recommendation

- Implement controls to ensure that stop payment orders are implemented for all checks that are reissued.

Management Response

Target Completion: October 2017

- Management agreed with the recommendation.

Implementation

Status: Completed on Time

- The Payroll Office implemented procedures to ensure stop payment requests are submitted to the bank prior to reissuing payments to replace stale-dated checks.



Recommendation #9

Enhance Payout Calculations Supervisory Review

Recommendation

- Enhance supervisory review procedures for all payout calculations.

Management Response

Target Completion: May 2018

- Management agreed with the recommendation.

Implementation

Status: To be Completed May 2018 (On Track)

- The Payroll Office and Human Resources Department will work collaboratively to enact additional supervisory review procedures.

IN PROGRESS

Recommendation #10

Utilize Correct Pay Type for Coaching Stipends

Recommendation

- Implement controls to consistently record coaching compensation and student activity stipend pay under related pay types within MUNIS.

Management Response

Target Completion: October 2017

- Management agreed with the recommendation.

Implementation

Status: Completed on Time

- Human Resources and Payroll Office have implemented procedures for utilizing the correct pay types for all coaching assignments.



Recommendation #11

Issue Employee Contracts for all Athletic Assignments

Recommendation

- Implement controls to ensure that all employees who receive a monetary supplement for middle school and club sports assignments receive separate contracts executed by the School Board, as outlined by School Board Policy.

Management Response

Target Completion: October 2017

- Management agreed with the recommendation.

Implementation

Status: Completed on Time

- Human Resources Department has implemented procedures to issue employee contracts for all athletic/coaching assignments.



Upcoming Performance Audit Updates

Date	Performance Audit Covered in Update
December 14, 2017	Procurement Process Update ✓
January 11, 2018	Payroll Process Update
January 25, 2018	Facilities Process Update
<i>Note: Staff will continue to update the School Board quarterly on each audit until all recommendations have been implemented.</i>	

Questions/Comments

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