

Date: January 11, 2018

For ACTION _____

For INFORMATION X

Board Agenda: Yes X

No _____

FROM: Michael R. Herbstman, Chief Financial Officer
Michael A. Covington, Director of Accounting

THROUGH: Dr. Lois Berlin, Interim Superintendent of Schools

TO: The Honorable Ramee A. Gentry, Chair, and Members of the Alexandria City School Board

TOPIC: **Performance Audit Staff Update: Payroll Process**

BACKGROUND: After an outside consultant completed a Risk Assessment of ACPS, the School Board approved funding in the FY 2016 Combined-Funds Budget for an internal audit program. In the spring of 2016, the School Board awarded a contract to Gibson Consulting Group to conduct audits in the following areas: Procurement, Facilities, and Payroll.

The Payroll audit began in May 2017 and was substantially completed in September 2017. The Final Audit Report, including management responses was completed in October 2017. On November 9, 2017, Gibson Consulting Group presented the School Board with the audit results for all three functional audits.

Additionally, in September 2016, ACPS convened a working group of Financial Services, Human Resources and Technology Services leadership staff to streamline division-wide payroll processes and systems. This working group has identified and started to address many of the same subjects subsequently discussed in the Gibson Performance Audit. This working group will be primarily responsible for continued implementation of payroll process and systems improvements including those identified in the Gibson Performance Audit.

SUMMARY: As part of the functional audit, Gibson offered 11 payroll process recommendations. In the three months since the audit concluded:

- 4 (36.4%) recommendations have already been fully implemented on schedule.
- 7 (63.6%) recommendations remain on track to be completed on the original timeline.

All of the Payroll Process audit recommendations and their statuses are detailed within the attached presentation.

This report on the Payroll Process audit is the second in a series of performance audit staff updates. The Procurement Process audit update was already presented to the Board on December 14, 2017. The Facilities Process audit will be presented on January 25, 2018.

Then, staff will continue to present the School Board quarterly updates on each audit until all recommendations have been implemented.

RECOMMENDATION: The Superintendent recommends that the School Board reviews the Payroll Process Audit Report and the progress made on the audit recommendations.

CONTACT PERSON: Michael Herbstman, Chief Financial Officer

ATTACHMENTS:

1. Final Payroll Audit Report
2. Performance Audit Staff Updates: Payroll Process Presentation