

Date: September 13, 2018

For ACTION _____

For INFORMATION X

Board Agenda: Yes X
No _____

FROM: Michael A. Covington, Director of Accounting

THROUGH: Dr. Gregory C. Hutchings, Jr., Ed.D., Superintendent of Schools
Michael R. Herbstman, Chief Financial Officer

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. This was later amended to additionally include Human Resources.

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.

The most recent staff update on the Payroll Process Performance Audit was presented to the School Board in May 2018.

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

- 9 (81.8%) recommendations have already been fully implemented on schedule;
- 1 (9.1%) recommendation represents an ongoing item;
- 1 (9.1%) recommendation will be implemented behind schedule because staff made a decision that prioritizing implementation was not in the best interest of the School Division and its employees.

All of the Payroll Process audit recommendations and their statuses are detailed within the attached presentation. Of the two remaining recommendations, one is an ongoing item and one was determined not to be a priority. Therefore, this will be the final quarterly update on the Payroll Performance Audit.

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

CONTACT PERSON: Michael A. Covington, Director of Accounting, 703-619-8145

ATTACHMENTS:

1. Performance Audit Staff Update: Payroll Process Presentation