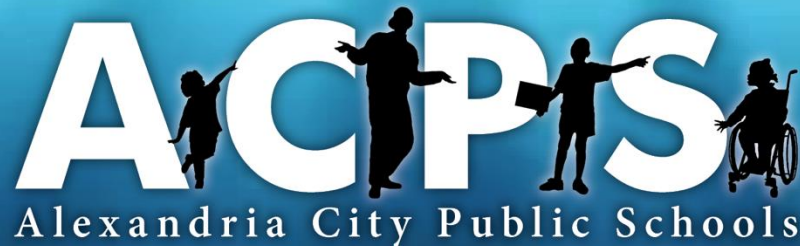


Performance Audit Staff Updates

Payroll Processes

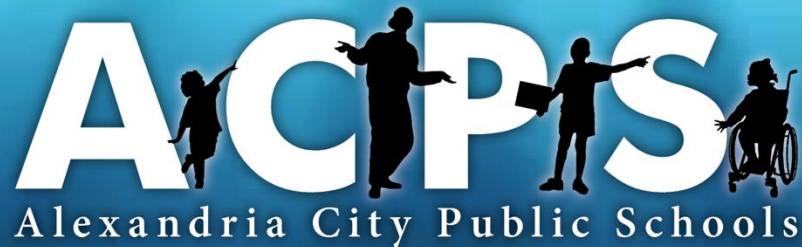
School Board Meeting

May 24, 2018



Every Student Succeeds

Payroll Audit Update



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Essential Questions

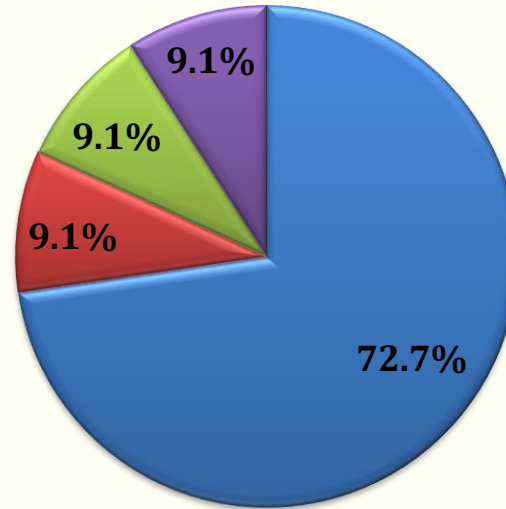
- What were the recommendations of the Gibson audit of our payroll processes that have not yet been completed?
- How did ACPS management respond initially to those recommendations?
- What work has been completed to implement the recommendations subsequent to the audit?
- What is the status of the final item from the functional audit of the procurement process?

Payroll Audit Update



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Recommendation Implementation



Key	Status	Number of Recommendations	Percentage of Recommendations
Blue	Recommendation Fully Implemented on Schedule	8	72.7%
Red	Implementation Not on Schedule	1	9.1%
Green	Implementation In-progress on Schedule	1	9.1%
Purple	Ongoing Items	1	9.1%
Light Blue	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	On-Going
2	Conduct an analytical review of all overtime, including historical trends and extra duty hours, to ensure appropriateness.	Medium	February 2018	Completed On Time
3	Require all employees to enroll in direct deposit.	Low	June 2018	Not on Schedule
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	Completed On Time
6	Reduce the number of off-cycle payroll runs/warrants.	Medium	April 2018	Completed On Time
7	Implement controls to eliminate late time reporting.	High	June 2018	In Progress and On Schedule
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	Completed On Time
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 #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: Completed on Time

- Budget Office completed review and shared with TCP/Munis Work Group.
- Work Group held two discussions with Transportation Leadership to understand processes.
- New practices on reporting overtime:
 - Separately report “Straight-Time”
 - Report actual overtime at increased pay rates as “Planned Overtime”
- Continue to look at other ways to reduce need for increased-pay-rate overtime.



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.

Status: Decision Not to Prioritize Implementation →

Implementation

Implementation Not on Schedule

- Direct Deposit is required for all new employees. Some employees were grandfathered in.
- Financial Services analyzed the annual costs associated with regular-pay-cycle check processing (for employees not set up for direct deposit) at only \$2,376.
- Determination made that this would not offset the costs of expedited implementation.
- Staff will continue to work towards the goal of enrolling employees in direct deposit, however, this will not be prioritized.

IN PROGRESS

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: Completed on Time

- The first complete internal payroll process and procedures manual was completed in May 2017 and biennial updates were planned at that time.
- One update has been completed.
- Additional updates are scheduled to be completed biennially going forward.



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: Completed on Time

- Payroll Office created criteria for whether off-cycle payment requests would necessitate separate checks to employees outside of normal payroll cycle.
- Criteria was discussed and amended in the TCP/Munis Work Group.
- Version approved by the TCP/Munis Work Group was formalized and presented to the Superintendent and the Superintendents Leadership Team.
- Criteria was approved in April and is now used by the Payroll Office.



Recommendation #7

Eliminate Late Time Reporting

Recommendation

- Implement controls to eliminate late time reporting (timesheets).

Management Response

Target Completion: June 2018

- Management agreed with the recommendation.

Implementation

Status: To Be Completed June 2018 (On Track)

- Process has been put in place (beginning with the May 15 payroll) to report to the Superintendent's Leadership Team on late timesheet submittals after every pay period.
- The relevant Chief or Executive Director then discusses late timesheet submittals with the employee responsible for submitting the timesheets.

IN PROGRESS

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: Completed on Time

- Previously, all calculations were completed manually by Human Resources using Excel.
- Gibson recommended additional review due to the manual nature of the process.
- An automated Munis process has been implemented for the current payroll period.
- This automated process will be monitored and reviewed.
- During the initial implementation phase, all calculations will be compared to calculated totals in the spreadsheet method to ensure integrity of the automated process.



Update on Final Procurement Audit Recommendation



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Recommendation #19

Modification of MUNIS System Workflow

Recommendation

- Implement departmental review procedures for the modification of MUNIS system workflow.

Management Response

Target Completion: September 2017

- Management agreed with the recommendation.

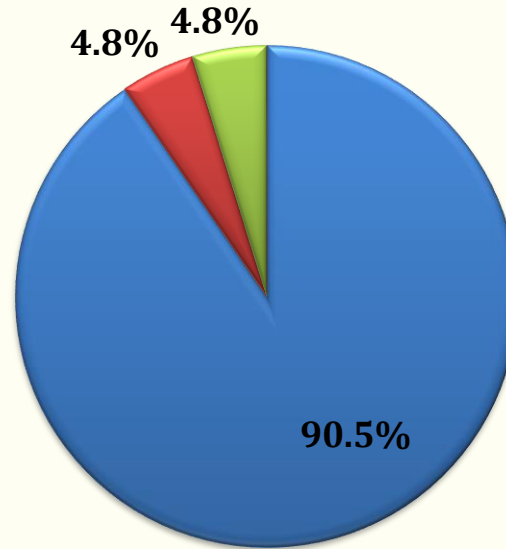
Implementation

Status: Completed May 2018 (Behind Schedule)

- New process implemented which includes Procurement Director signoff to include employees in the Munis workflow for any procurement-related items.
- Updated form is now in use.
- Documentation of the process was completed in May 2018 (behind schedule).



Recommendation Implementation



Key	Status	Number of Recommendations	Percentage of Recommendations
	Recommendation Fully Implemented on Schedule	19	90.5%
	Implementation Completed Behind Schedule	1	4.8%
	Management Disagreed with Recommendation	1	4.8%
	Total	21	100.0%

Upcoming Performance Audit Updates

Date	Performance Audit Covered in Update
COMPLETED	Procurement Process Update ✓
May 24, 2018	Payroll Process Update
June 7, 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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