

CORRECTIVE ACTION PLAN
INTERNAL AUDIT REPORT ON PAYROLL PROCESSING
June 30, 2023
AUDIT FIRM – R.S. ABRAMS

Payroll Procedures

Procedure Performed: We reviewed the District’s Board policies, procedures, and practices with regards to the internal controls related to payroll.

Findings: We recommend that the review of the annual salary rollover by the senior clerk typist and the Payroll Supervisor be documented.

Recommendations: We recommend that the review of the annual salary rollover by the senior clerk typist and the Payroll Supervisor be documented.

District Response: The District currently has a 2-step process in place. The Sr. Clerk Typist in the Human Resources Department initiates the annual salary rollover. The Sr. Clerk Typist then prints the Increment Salary Steps Report by bargaining unit and ensures that any step advancement has rolled forward correctly. Once the review has been finalized, the Payroll Supervisor is notified. The Payroll Supervisor then prints out the Employee Position Report to ensure that every step and lane change is in agreement with the Salary Step Report. Effective July 1, 2023 the reports are kept on file in the respective Departments.

Payroll Accounting

Procedure Performed: We selected a sample of ten contractual and ten non-contractual employees to verify the following:

- The employee's salary and/or hourly rate as indicated on the *Payroll Transactions – After Checks Posted* report agreed to the applicable employment contract and/or Board approved pay rate;
- For non-contractual pays, the hours/days paid per the *Payroll Transactions – After Checks Posted* report agreed to the hours/days worked per the employee's timesheet, and the timesheet was reviewed and approved by the employee's supervisor;
- The employee's withholdings as indicated on the *Payroll Transactions – After Checks Posted* report agreed to the withholding as per the employee's IRS Form W-4;
- Net salary as indicated on the *Payroll Transactions – After Checks Posted* report agreed to canceled check (if applicable);
- Direct deposit authorization form existed (if applicable).

Findings: No exceptions were noted as a result of applying these procedures.

Recommendation:

N/A

District Response: N/A

Overtime

Procedure Performed: We selected a sample of ten employees who received overtime pay to verify the following:

- Overtime hourly rates were properly calculated and agreed to employment contracts;
- Time sheets were calculated accurately;
- The reason for overtime was listed on the time sheet;

Findings: No exceptions were noted as a result of applying these procedures.

Recommendation: N/A

District Response: N/A

Payroll Changes

Procedure Performed: We selected a sample of five employees whose contractual pay changed from the prior period, and five employees whose deductions changed from the prior pay period, and verified the change was supported by appropriate documentation.

Findings: No exceptions were noted as a result of applying these procedures.

Recommendation: N/A

District Response: N/A

Payroll Review and Certification

Procedure Performed: We selected a sample of two bi-weekly payrolls, and verified the following:

- The *Payroll Change Analysis*, the *Payroll Check Register*, and the *Payroll Transaction Report* were reviewed and approved by a responsible administrator;
- The payroll was certified by an administrator who was appointed by the Board as the payroll certification officer;
- The District’s Internal Claims Auditor reviewed and approved the payroll wire transfers.

Findings: No exceptions were noted as a result of applying these procedures.

Recommendation: N/A

District Response: N/A

New Hires

Procedure Performed: We selected a sample of ten newly hired employees to verify the following:

- Board approval of the new hire in the Board minutes;
- The employee’s salary and/or hourly rate as indicated on the *Payroll Transactions – After Checks Printed* report agreed to the applicable employment contract and/or Board approved pay rate.

Finding: No exceptions were noted as a result of applying these procedures.

District Response: N/A

Employment Separations

Procedure Performed: We selected a sample of five employees who separated from the District, and verified the following:

- The payroll department was provided with written notification of the separation prior to the separation date;
- The resignation, retirement, or termination was formally accepted by the Board;
- The employee's final contractual paycheck was properly calculated, and was reviewed and approved by an appropriate administrator;
- The employee was properly inactivated in the payroll module of *WinCap*.

Finding: No exceptions were noted as a result of applying these procedures.

District Response: N/A

941 Reconciliation

Procedure Performed: We obtained and reviewed the IRS Form 941s for quarter ending June 30, 2022, quarter ending September 30, 2022, and quarter ending December 31, 2022, verifying that the quarterly reconciled amounts agreed to the general ledger, and that the reconciliations were prepared timely and reviewed and approved by an appropriate administrator.

Finding: No exceptions were noted as a result of applying these procedures.

District Response: N/A