

Roanoke City Public Schools  
Audit Committee Meeting

March 21, 2019  
11:00 to 12:00  
School Administration Building  
Media Center

1. Call to Order  
Bill Hopkins, Audit  
Committee Chair
  
2. Audit Report – Time & Attendance Follow Up  
Drew Harmon,  
Municipal Auditor
  
3. Audit Plan Development  
Drew Harmon,  
Municipal Auditor
  
4. Other Business  
Bill Hopkins, Audit  
Committee Chair
  
5. Adjournment  
Bill Hopkins, Audit  
Committee Chair

# MUNICIPAL AUDITING REPORT CITY OF ROANOKE



## RCPS Time and Attendance Follow-Up

**January 23, 2019**

Report Number: 19-003  
Audit Plan Number: 19-104

*Municipal Auditing Department  
Chartered 1974*

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## AUDIT OBJECTIVES & SCOPE

### Audit Objectives:

1. Do requests for overtime for planned events require specific information about the event, its date, and the amount of hours of overtime anticipated?

**No** – No changes were made to the overtime approval process or to the use of the overtime request form since the prior audit. A blanket request continues to be prepared each quarter, estimating the expected overtime hours with generic justifications.

2. Did management convene a Task Force to study overtime and engage a consultant to coordinate and guide the analysis?

**No** – A formal evaluation of Building Operations staffing, pay and scheduling was not performed as originally planned. While the utilization of overtime has significantly declined over the past two years, no benchmarks or analyses were developed to help ensure cost effective utilization of overtime. Management provided a benchmark analysis in response to this follow-up audit.

3. Did management establish an ad hoc committee to review the policy of having exempt employees clock in and out each day, and revise the Employee Handbook accordingly?

**Yes with Qualifications** – An ad hoc committee was not established, however; informal dialogue with managers indicated no clear preference for changing the existing policy. The policy of requiring all employees to clock in and out daily remains in the Employee Handbook. Our testing showed improvements in compliance.

4. Did management remind staff about the purpose and proper use of Missed Punch Reports?

**Yes with Qualifications** – Management reminded staff about the requirements of Missed Punch Reports and improvements were noted in our current review. The number of manual edits might be reduced with more careful monitoring and coaching by supervisors. A procedure requiring Service Report Preparers to document reasons for editing time cards and employee consent should be developed.

5. Does the Operations worker who cares for the transportation building sign his / her time sheet to validate hours worked in lieu of clocking in and out of the Attendance Enterprise system?

**No** – Due to turnover in positions involved in this action plan, the process of printing and signing the weekly time sheets had been abandoned sometime prior to our follow-up audit.

Audit Scope:

We reviewed pre-approved quarterly overtime requests for the 3<sup>rd</sup> and 4<sup>th</sup> Quarters of FY 18 for Maintenance and Capital Programs (Facilities and Grounds), Building Operations, and Safety and Security Departments.

We used AptaFund Payroll Register Overtime Hours reports from FY 2014 through FY 2018 for developing totals of overtime hours, costs, and to perform our overtime analysis.

We reviewed Attendance Enterprise Employee Time Card Reports for May 2018 for a sample of exempt employees, and for various dates in calendar year 2018 for the William Fleming Building Operations non-exempt employee responsible for the Transportation Department.

We reviewed Attendance Enterprise Supervisor Edit Reports for the months of March and May 2018 for added/deleted punches and time adjustments.

**End of Audit Objectives and Scope**

## **BACKGROUND**

Roanoke City Public Schools began using an integrated payroll, human resources and financial software system from Harris School Solutions in 2008. The AptaFund system is maintained by the vendor and resides on the vendor's servers in Canada and the United States. All of the School Division's accounting, purchasing, payroll and employee data also reside on the vendor's servers.

In August 2013, Roanoke City Public Schools implemented the Attendance Enterprise system from Harris School Solutions. Attendance Enterprise is a web-based time and attendance system that can be integrated with the AptaFund system to automate much of the time and attendance process.

At least one time clock is located within each building, with the exception of the transportation building. All employees are required to clock in and out by swiping their badges at the time clock.

Supervisors review and approve their employees' time cards in the Attendance Enterprise system. Edits may be required to correct for missed punches, training or travel time for work, leave, and other exceptions. Employees must file missed punch forms and certification of absence forms to support system edits.

### Fair Labor Standards Act [FLSA]

The Fair Labor Standards Act requires that employers pay hourly [non-exempt] employees one and a half times their regular rate for hours worked in excess of 40. Roanoke City Public School's define the Division's workweek as running from 12:00 a.m. Saturday until 11:59 p.m. Friday. Board Policy GDN specifies that holiday pay, jury duty, school-related subpoenas, and educational leave are counted towards hours worked. Other leave, such as vacation and sick leave are not counted as hours worked when computing overtime.

Our original audit report was dated February 16, 2016, and all management action plans were targeted to be completed by July 1, 2017.

**End of Background**

### **Objective 1: Generic Overtime Justifications**

The 2016 audit found that several RCPS school sites, administrative, and operational departments offered only generic justifications for overtime requested and pre-approved on a quarterly or annual basis.

Management responded with a plan to divide overtime into two (2) categories: planned events, and unplanned or emergency work. Requests for overtime for planned events would require specific information about the event, its date, and the amount of hours of overtime anticipated. Unplanned overtime requests would continue the current procedure already in place. The effectiveness of this process was to be monitored and further changes to decrease the amount of overtime were to be implemented as opportunities were identified.

#### **Action Completed / Issues Resolved – No**

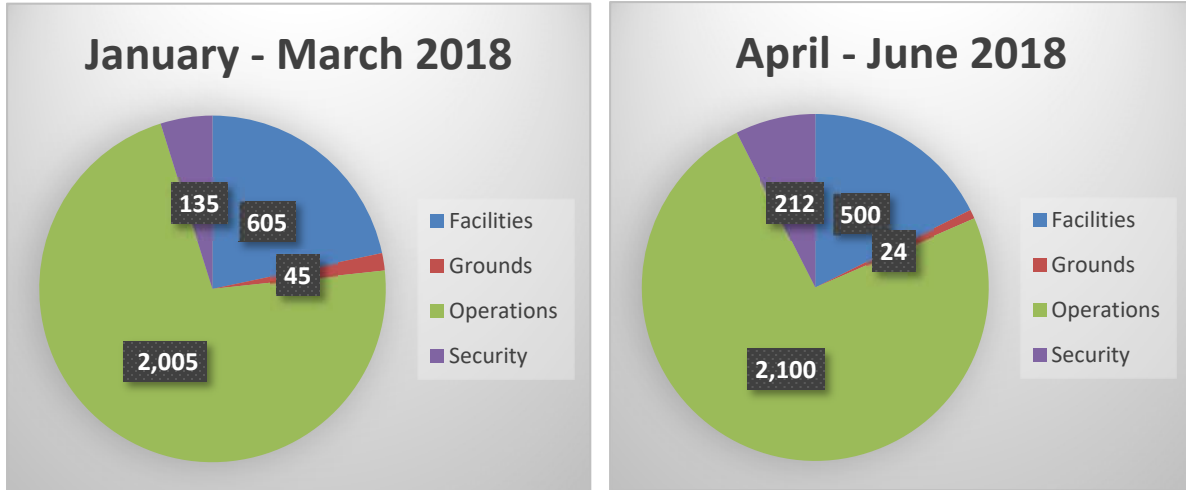
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#### **Follow Up – September 2018:**

Overtime requests for planned events, such as the opening day of school or sporting events, were not prepared on an event-by-event basis. Blanket requests continue to be prepared each quarter based on historical experience.

The Chief of Physical Plants confirmed that there have been no changes to the overtime approval process or the use of the overtime request form since the prior audit. We reviewed pre-approved quarterly overtime requested for the 3<sup>rd</sup> and 4<sup>th</sup> Quarters of Fiscal Year 2018 for Maintenance and Capital Programs (Facilities and Grounds), Building Operations, and Safety and Security departments. While all 30 requests for overtime we reviewed were properly approved, they all had generic justifications which were not sufficiently detailed to understand the specific reasons for overtime.

The charts on the following page show the overtime hours requested and approved for each function among the four (4) departments for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of FY 2018:



The 2,100 hours requested by Building Operations for the 4<sup>th</sup> quarter was requested in total and not broken down per building as in prior quarters.

**End of Objective 1**



## Objective 2: Overtime Hours

Building Operations claimed 25,877 overtime hours costing \$466,671 from 7/1/13 through 12/31/15. The Division was paying a premium (150% of the standard hourly rate) for routine, anticipated work. Depending on the work being performed, the number of additional hours being worked, and the stamina of the person working the hours, productivity per hour could be expected to diminish.

Management noted that there were many levers that contributed to overtime needs, including approved staffing levels, vacancies, absences, and the amount of seasonal and emergency work needed. Management planned to convene a task force to undertake a thorough analysis of all factors creating the need for overtime in order to arrive at an appropriate remedy. As funding permitted, management hoped to engage a consultant to coordinate and guide this analysis, looking critically at the following:

- The appropriateness of operations staffing levels at all buildings
- The appropriateness of responsibilities assigned to building operations workers as compared to industry standards (and how that might impact what constitutes appropriate staffing levels)
- The appropriateness of pay scales for building operations workers as compared to industry standards
- Best practices in hiring and retaining building operations workers
- What constitutes justifiable uses of overtime
- What is the most effective management structure of building operations functions within a school setting

Management anticipated completing the analysis and developing recommendations by June 30, 2017. Recommendations would need to be phased in over time as they could be costly to implement.

**Action Completed / Issues Resolved – No**

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**Follow Up – September 2018:**

A formal analysis of facility maintenance and operations staffing and responsibilities was not performed. Benchmarks for evaluating staffing and overtime utilization were not developed. Unexpectedly, the Chief of School Plants was deployed as a reservist for 12 months during this period. There were also changes in supervisory staff, including the retirement of the Supervisor of Operations.

Our analysis of payroll data shows a significant decline in overtime hours utilized in maintenance and operations the past two years:

Period	Operations (#49)		Facilities (#48)	
	OT Hours	OT Costs	OT Hours	OT Costs
FY 2014	6,678	\$ 115,853	2,541	\$ 54,179
FY 2015	10,134	\$ 180,464	2,126	\$ 66,811
FY 2016	9,565	\$ 187,560	3,987	\$ 78,198
FY 2017	8,418	\$ 171,602	2,068	\$ 71,383
FY 2018	7,259	\$ 144,631	1,650	\$ 60,821
<b>Totals:</b>	<b>42,053</b>	<b>\$ 800,110</b>	<b>12,372</b>	<b>\$ 331,391</b>

Consistent with Facilities, the school division as a whole reduced its utilization of overtime in FY18:

Period	OT Hours	% Change	OT Dollars	% Change
FY 2014	14,227	NA	\$ 304,501	NA
FY 2015	18,474	29.85%	\$ 401,009	31.69%
FY 2016	18,567	0.50%	\$ 424,070	5.75%
FY 2017	15,785	-14.98%	\$ 388,304	-8.43%
FY 2018	13,023	-17.50%	\$ 335,813	-13.52%
<b>Totals:</b>	<b>80,076</b>	<b>-</b>	<b>\$ 1,853,697</b>	<b>-</b>

From the peak overtime noted in FY16, the number of overtime hours dropped ~ 30% by FY18.

**End of Objective 2**

### **Objective 3: Exempt Employee Attendance**

The 2016 audit identified several exempt employees that routinely failed to clock out when leaving for the day, in violation of division policy.

In response, management planned to establish a committee to review the division's time clock policies. The committee was to include representatives from Human Resources, Payroll, Building Operations, Fiscal Services, and schools. Management anticipated forming the committee by July 31, 2016, with implementation of any resulting changes in policy by the Spring of 2017.

#### **Action Completed / Issues Resolved – Yes with Qualifications**

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##### **Follow Up – September 2018:**

An ad hoc committee was not established, however; informal dialogue with managers indicated no clear preference for changing the existing policy. The requirement that all employees clock in and out daily remains in the *Employee Handbook*. The policy has been communicated to employees.

We reviewed Attendance Enterprise Time Card Reports for a sample of 10 exempt employees from the departments of Facilities, Operations, Safety & Security, and Grounds. Our review revealed that eight (8) of the ten (10) employees are properly clocking in and out of the Attendance Enterprise system each day as required by the RCPS Handbook.

No further follow-up work will be performed.

**End of Objective 3**

#### Objective 4: Missed Punch Reports

In the 2016 audit we noted that documentation to support altered punches for exempt employees was not being completed and kept on file; a violation of division policy.

In response, Fiscal Services planned to include a reminder about submitting *Missed Punch Reports* in its Spring 2016 Fiscal Services Newsletter. The Director of Payroll also planned to include a reminder and tutorial about the *Missed Punch Report* as part of annual training provided at the RCPS Leadership Conference in June 2016.

#### Action Completed / Issues Resolved – Yes with Qualifications

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#### Follow Up – September 2018:

##### Missed Punches

Our review of 20 punches added to Attendance Enterprise for exempt personnel during the month of May 2018 revealed that 85% (17/20) were supported by documentation from the employee missing the punch. Two (2) of the unsupported missed punches were altered by the Service Report Preparer based on a phone call from the employee, and the other altered punch was not documented.

The Director of Payroll reminded all RCPS staff prior to the start of the FY18-19 school year via email that Missed Punch Forms are required for **all** employees for whom punches are manually entered. Based on improvements in the current year testing, and indications that Missed Punch Forms are being required for all employees starting in the FY 18-19 school year, we considered the audit observation to be remediated.

Due to the volume of missed punches identified in May 2018, we analyzed the data to better understand why such a high number of edits were required:

- 19 Service Report Preparers exceeded 100 edits in May (3,614 edits)
- 92 employees had 10 or more edits made to their time records (1,641 edits)
- 20 employees had at least one edit per day

We interviewed a sample of Service Report Preparers to identify the reasons for the high volume of edits. Many stated that May was a hectic time of the school year with Standards of Learning (SOL) testing, end-of-school celebrations, parties, awards, etc., which contributed to a

higher than normal volume of missed punches. Other reasons noted were lost badges, working remotely, and location of the time clock.

We compared March and May 2018 to validate the theory of May being an unusual month:

	March	May	Increase	% Increase
<b>Added Punches</b>	1,611	4,667	3,056	190%
<b>Deleted Punches</b>	232	571	339	146%
<b># SR Preparers With &gt; 100 Edits</b>	2	19	17	850%

The numbers above support the theory proposed by both the Director of Payroll and several Service Report Preparers that the last month of the school year (May) has an unusual number of missed punches due to having more field trips, parties, and after school events, as well as demands of administering SOL testing.

If we assume each of 2,000+ employees punch in and out of the system each school day, the total number of punches in a month would exceed 44,000. The effective error rate for March punches was ~ 4% and for May was ~ 12%. As noted from interviews, some employees routinely work remotely necessitating the need to manually enter their in and out times into the clock system.

Overall, the data indicates that most employees are clocking in and out of the system each day. The number of manual entries might be reduced with more careful monitoring and coaching by supervisors.

Adjustments to Time Worked

Due to the volume of adjustments to time worked in May 2018, we performed a detailed analysis to identify locations consistently changing employee’s time records. For the month of May 2018:

- 20 non-exempt employees had 5 or more adjustments to their time (180 total edits)
- 116 of the 180 edits (64%) were for 10 minutes or less

Time clocks round to the nearest quarter hour so changing a non-exempt employee’s clock out time by as little as one minute, for example from 3:38 to 3:37, could result in the loss of a quarter hour paid time. This can be done without the explicit consent or knowledge of the employee, as procedures don’t explicitly identify edits to the time card as requiring documented

explanations and employee consent. The “Missed Punch” form implies through its title and design that it is used exclusively for documenting missed punches.

We interviewed a sample of the Service Report Preparers responsible for adjusting the May time entries to identify reasons for the volume of adjustments. We learned that time adjustments of just a few minutes are commonly made to keep a non-exempt employee’s time within budgeted contract hours. Other reasons cited for time adjustments included:

- Employees being delayed on their way to clock out due to someone stopping them in the hall, causing them to clock out a few minutes late
- Staff assigned to classrooms that are farther away from the time clock.
- Staff entrances that are more distant from the time clock.

Errors are sometimes made while trying to add missed punches whereby a Service Report Preparer will enter “a.m.” instead of “p.m.” or vice versa. In those instances, the time adjustments are for 420 minutes or more, as the changes are at least 7 hours.

As there are no written requirements to document the reasons for adjusting time, the only support for adjustments was testimony from those people who entered them. The testimony provided an insufficient basis for assessing the appropriateness of adjustments. This outcome suggests that a procedure requiring Service Report Preparers to document the reasons for adjustments along with the employee’s consent should be developed.

#### **End of Objective 4**

### **Objective 5: Non-Exempt Employee Hours**

In our original audit, we noted that an hourly Operations worker responsible for cleaning the transportation building was not clocking in or recording his time on a manual log.

In response, management developed the following plan:

- The Building Manager from William Fleming will print the time card each week, and the employee and Manager will sign as to its correctness. There should be two sheets per pay period.

#### **Action Completed / Issues Resolved – No**

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#### **Follow Up – September 2018:**

We reviewed five (5) Attendance Enterprise Time Card Reports for the hourly Operations worker in calendar year 2018. Only one (1) of the Time Card Reports was signed by the hourly worker and his supervisor attesting to the time worked.

The Operations worker who cleaned the transportation building and the Supervisor of Operations at the time of the original audit have both left the division. The new persons in these roles were unaware of the plan to print and sign time cards.

**End of Objective 5**

**SUMMARY OF MANAGEMENT ACTION PLANS**

<b>Management Action Plan – Non-Exempt Employee Hours</b>	
A time clock has been installed at the transportation building and is being used starting on November 13, 2018.	
<b>Assigned To</b>	<b>Target Date</b>
Stan Robinson, Director of Facilities	Completed

<b>Management Action Plan – Overtime Hours</b>
<p>Overview:</p> <p>Based on the Department of Education’s guidelines of best practice levels, and the information presented, the Operations Department will be working to increase staffing to minimize the reliance on overtime, contingent on budget availability.</p> <p>Approach:</p> <p>In Accordance with the established benchmarks from the U.S. Department of Education the following assessment of how many building square feet that can be assigned to one properly supplied custodian in an 8-hour shift in order to meet specified levels of cleanliness.</p> <p>This scale specifies benchmarks for:</p> <ol style="list-style-type: none"> <li>1) Spotless cleaning – 10,000 to 11,000 square feet</li> <li>*2) Intensive cleaning – 18,000 to 20,000 square feet (19,000 will be used as the median and the scale that RCPS uses)</li> <li>3) Cleaning required to ensure the health and comfort of building users – 28,000 to 31,000 square feet</li> <li>4) Cleaning not generally acceptable for a school environment – 45,000 to 50,000 square feet</li> <li>5) Cleaning that is not considered healthy – 85,000 to 90,000 square feet</li> </ol> <p>Source: <a href="http://www.k12.wa.us/SchFacilities/Publications/pubdocs/FacilitiesMaintenance.pdf">http://www.k12.wa.us/SchFacilities/Publications/pubdocs/FacilitiesMaintenance.pdf</a></p> <p>This exhaustive and comprehensive study that was completed in 2010 reported on the average size of the schools in Washington State based on Department Of Education standards established as early as 2003. Albeit the study was conducted in 2010 it was projected and still in use for the 2017-2018 fiscal year.</p> <p>Other studies reaching the same conclusions in 2015 can be found at: <a href="https://www.gssaweb.org/wp-content/uploads/2015/11/Best-Practices-for-School-District-Facilities-and-Maintenance.pdf">https://www.gssaweb.org/wp-content/uploads/2015/11/Best-Practices-for-School-District-Facilities-and-Maintenance.pdf</a></p> <p>Based on the above mentioned study, listed below are the results:</p>



Location	Square Footage	Bench Mark Sq. Footage Per FTE	Bench Mark FTEs	Budgeted FTEs	Difference in FTEs
William Fleming	389,830	19,000	20.52	16	4.52
Patrick Henry	380,571	19,000	20.03	15	5.03
Addison	136,610	19,000	7.19	5	2.19
Administration	59,542	19,000	3.13	3	0.13
Breckinridge	98,415	19,000	5.18	5	0.18
Fairview	59,804	19,000	3.15	4.4	(1.25)
Fallon Park	112,616	19,000	4.53	5	(0.47)
Forest Park Academy	46,243	19,000	2.43	2	0.43
Fishwick	80,492	19,000	4.24	5	(0.76)
Monterey	48,356	19,000	2.55	4	(1.45)
RAMS	87,186	19,000	4.59	4	0.59
Madison	125,418	19,000	6.60	5	1.60
Westside	135,174	19,000	7.11	4.6	2.51
Woodrow Wilson	124,365	19,000	6.55	5	1.55
Round Hill	43,000	19,000	2.26	3	(0.74)
Virginia Heights	45,194	19,000	2.38	3	(0.62)
Garden City	47,214	19,000	2.48	2	0.48
Crystal Spring	51,851	19,000	2.73	2.5	0.23
Fishburn Park	40,975	19,000	2.16	2	0.16
Grandin Court	46,090	19,000	2.43	2	0.43
Taylor Academy	34,117	19,000	1.80	2	(0.20)
Governor's School	34,126	19,000	1.80	1	0.80
Preston Park	35,684	19,000	1.88	2	(0.12)
Wasena	55,288	19,000	2.91	2	0.91
Highland Park	55,458	19,000	2.92	3	(0.08)
Morningside	40,706	19,000	2.14	2	0.14
Lincoln Terrace	39,619	19,000	2.09	3	(0.91)
Hurt Park	44,750	19,000	2.36	2	0.36
Transportation	7,671	19,000	0.40	0	0.40
Facilities	84,449	19,000	4.44	1.5	2.94
Oliver Hill House	2,642	19,000	0.14	1	(0.86)
Raleigh Court	0	19,000	0.00	0	0.00
<b>Totals:</b>	<b>2,566,957</b>	<b>19,000</b>	<b>135.10</b>	<b>117</b>	<b>18.10</b>

Conclusion:

An additional 18 full time equivalents would be required to meet benchmark staffing for intensive cleaning standards.

Please see the implementation plan below:

- FY19-20            2 FTE requested
  - FY20-21            4 FTE requested
  - FY21-22            4 FTE requested
  - FY22-23            4 FTE requested
  - FY23-24            4 FTE requested
- 18 Total**

Assigned To	Target Date
Stan Robinson, Director of Facilities	06/30/2024

**Management Action Plan – Overtime Justification**

Overview:

To amend work schedules to include coverage for a workweek of Tuesday-Saturday or Wednesday-Sunday.

Approach:

The team met and discussed options that would achieve the outcome. The team concurred the best course of action is to “flex shift.”

Conclusion:

The team will pioneer a pilot project that will introduce a “flex shift” to both High Schools and all Middle Schools. That would provide coverage for all planned events at the school and would show a significant reduction in overtime.

These flex shifts for the High Schools will operate all year, while the Middle Schools will Flex Shift only during the school year. The reasoning for the difference is to accommodate the amount of planned overtime at the most used facilities the High Schools, through Facility Rentals, and other special events hosted by RCPS.

The implementation will need to happen slowly in order to retain staff, and prepare them for the changes in scheduling.

The flex shift should be implemented in the High Schools first and disseminated to the Middle Schools.

<b>Assigned To</b>	<b>Target Date</b>
Stan Robinson, Director of Facilities	05/31/2019

**Management Action Plan – Adjustments to Time Worked**

Management agrees that improvements to documentation and authorization of adjustments are needed, but management cautions that the quantity of adjustments noted could be misleading. Every change made to time in the Attendance Enterprise system is recorded. If a payroll preparer attempts to make an authorized change but makes an error while doing so, the erroneous entry plus a second entry to correct the first will be recorded. Depending on how the time is entered, it can easily show up as PM when the intent was to enter an AM time. Depending on the employee’s shift, time entered later in the evening on one day may show up on the next day instead. The employee will have to make additional adjustments, often multiple adjustments using trial and error, to get the time to show up on the correct work day. In one example included in Municipal Audit’s sample, a total of six adjustments were made to one employee’s time on one day, and the end result of all six edits was that the time returned to the original clocked time with no change.

School personnel have already begun working to better document, through e-mail or missed punch reports, adjustments that are made, and the acknowledgement that those adjustments are correct by the employee whose time is in question and by the appropriate supervisor. RCPS will work to clarify its guidance on time keeping and documenting adjustments that need to be made in the coming months. RCPS is in the beginning stages of implementing a new Enterprise Resource Planning (ERP) system that will include payroll, human resources, accounting, and purchasing functions. RCPS intends to continue using the current time clock system, Attendance Enterprise, for the foreseeable future. Management expects that the new ERP system’s functionality will necessitate certain changes in procedures related to how time is turned in to payroll and how payroll is ultimately processed. This may or may not impact the steps payroll preparers are asked to take regarding the use of the time keeping system. In an effort to roll out changes in a clear and coordinated manner, RCPS intends to incorporate any changes or clarifications regarding time clocking in with discussion of new payroll preparation processes overall. RCPS is working towards a July 1, 2019 go-live date for the new ERP system. Building in additional time for potential delays due to data conversion and system set up, as well as time to test the new system’s functionality and new processes it necessitates, Management targets a March 31, 2020 date for completion of revisions to time keeping processes and guidance. The Chief Financial Officer will work with the Payroll and Human Resources departments to ensure appropriate guidelines for time keeping and documentation of any adjustments are completed.

Assigned To	Target Date
Kathleen Jackson, Chief Financial Officer	03/31/2020

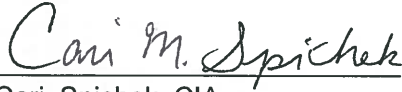
**End of Summary of Management Action Plans**

**MANAGEMENT COMMENTS**

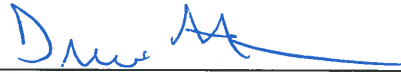
Management had no comments beyond those stated in their action plans.

**ACKNOWLEDGEMENTS**

We would like to thank Kathleen Jackson, Betty Massey, Jeff Shawver, Ellen Craddock, Christopher Perkins, and Sylvie Schinke for their cooperation and assistance throughout the audit.



Cari Spichek, CIA  
Senior Auditor



Drew Harmon, CPA, CIA  
Municipal Auditor

# Update on Audit Plans & Assignments

March 21, 2019

# Audit Plan Status - RCPS

Assignment	Begun	Hours	Report	Notes
Workers Compensation Follow Up	02/18	88	7/31/18	11/5/18 Audit Committee
Student Transportation Follow Up	05/18	288	9/19/18	11/5/18 Audit Committee
Food Services	07/18	569		Drafting report
Time and Attendance Follow Up	07/18	164	1/23/19	3/21/19 Audit Committee
Student Transportation RFP Development	11/18	24	NA	RFP published in December
Career and Technical Education	NA	NA		Begin in June
Substitutes Follow Up	NA	NA		Summer 2019
Special Education Follow Up	NA	NA		Summer 2019



# Audit Plan Status - City

Assignments	Begun	Hours	Report	Notes
Simplified Comparative Project	01/18	259		Draft design completed, data being gathered, target June.
Tax and Treasury System Implementation	02/18	1,446	NA	2 ½ year project, target go live is October 2020.
Police Cash & Fees - CY17	03/18	500	7/25/18	CY18 Audit to begin March 2019
External Audit Coordination – FY18	03/18	581	NA	FY19 Audit begins in April 2019
City Council Expenditures	07/18	110	9/5/18	
Revenue Team	07/18	85	NA	Ongoing team
Miscellaneous Consultations (<8 hours)	07/18	211	NA	
Information Technology Committee	07/18	41	NA	Ongoing team
City-Wide LEAN Committee	08/18	36	NA	Ongoing team
Vendor Expenditure Analysis	08/18	50	NA	Part of risk assessment
Workforce Innovation & Opportunity Act	09/18	42		On hold

# Audit Plan Status - City

Assignments	Begun	Hours	Report	Notes
Fire & EMS	10/18	452		Complete no later than April 1
Budget Team - Good Gov Revision	11/18	20	NA	
Jail Cost Report	12/18	82	12/19/18	
External Audit RFP	12/18	19		Contract by 4/1/19
Children Services Act	NA	NA		Reevaluate for FY20 Planning
Economic Development	NA	NA		Carryover to FY20 Plan
Building Inspections	NA	NA		Carryover to FY20 Plan
Fleet Maintenance	NA	NA		Begin < June 30
On-street Parking	NA	NA		Carryover to FY20 Plan
Storm Water Management	NA	NA		Carryover to FY20 Plan
Purchasing Cards	NA	NA		Carryover to FY20 Plan

# Audit Plan Status - GRTC

Assignments	Begun	Total Hours	Report	Notes
Fuel Management Follow Up	NA	NA		Carry over to FY20
Fixed Route Service	NA	NA		Carry over to FY20
Meetings & Miscellaneous Consultations	7/18	16	NA	
External Audit Coordination – FY18	4/18	6	NA	
External Audit RFP Development	1/19	2.5	NA	Pending

# Investigations / Hotline

Assignments	Begun	Hours	Report
Unsubstantiated - Abuse of Enforcement Powers	05/18	85	9/5/18
Refer to DSS (Food Stamps)	06/18	2	9/5/18
Unsubstantiated - Driver Conduct Valley Metro	06/18	37	9/5/18
Refer to DSS (Welfare Fraud)	08/18	2	12/12/18
Refer to PD (Illegal Drugs)	08/18	2	9/5/18
Unsubstantiated Abuse of Time	08/18	130	1/10/19
Compliance with Program Regulations [Active]	09/18	747	
Refer to PD (Suspicious Stranger)	10/18	0	12/12/18
Refer to ABC (Serving Drinks to Underage)	10/18	1	12/12/18
Refer to DSS (Illegal Housing / Abuse)	11/18	3	12/12/18
Refer to PD (Under the Influence of Drugs)	11/18	0	12/12/18

# Investigations / Hotline

Assignments	Begun	Total Hours	Report
Alleged Misconduct of City Employee [Active]	12/18	33	
Refer to PD (Felon with Guns)	02/19	0	
Alleged Theft / Misconduct [Active]	02/19	29	
Alleged Employees Loitering [Active]	03/19	24	

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**MUNICIPAL**

**AUDITING**



**MEMO**

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**Date:** March 21, 2019  
**To:** Members of the Audit Committee  
**From:** Drew Harmon, Municipal Auditor  
**Subject:** Audit Plan Development for FY20

One of the primary responsibilities of the Audit Committee, as set out in Board Policy DIB, is to work with the Municipal Auditor to review and recommend specific areas or functions to be audited. The universe of areas that are considered for audits is based on the cost centers used for budgeting and financial reporting.

As a basis for discussing audit priorities, we developed a risk assessment based on nine (9) elements broken out as follows:

#### Basic Objectives as Defined by the Federal Standards for Internal Control

- Reporting
- Operations
- Compliance

#### Qualitative Risks

- Process Complexity
- Time Since Last Audit
- Degree of Change (People, Technology, Laws & Regulations, Responsibilities)
- Control Environment

#### Impact Risks

- Financial
- Reputational

Each area is assigned a score of one (1) to five (5) for each element, with one representing the lowest risk. An average overall score of three (3) is used to force a relative ranking for each element, except for the "Time Since Last Audit" score. All other elements are scored based on our understanding of the Division's strategic goals, key objectives, risk management processes, finances, and past performance in each area.

Standards require that audit plans be based on a documented risk assessment prepared at least annually. I have attached our preliminary draft of this year's risk assessment for your review. I would appreciate any input you might have on risk scores, as well as your ideas for specific audit objectives.

Please keep in mind that the assessment is imperfect and does not account for all factors that warrant consideration. For example, the School Division is installing a new enterprise system for accounting, payroll, and purchasing with an expected go live date of July. An audit of any of these functions in FY20 could be challenging for both management and audit staff as post-implementation adjustments would be ongoing for some time.

As noted last year, our IT Auditor is managing the installation of the City's new tax and treasury system through October 2020 and will not be available for other IT related audits.

#### Attachments

- Draft FY20 Risk Assessment
- Ten Year View of Audits

**RCPS  
Organizational Risk Assessment**

Departments / Functions	Residual Risks							Residual Risk	Impact Risks		Impact Risk	Overall Ranking	
	COSO Objectives			Qualitative Measures					Financial	Reputational			
	Reporting Risk	Operational Risk	Compliance Risk	Process Complexity	Time Since Last Audit	Degree of Change	Control Environment						
	High = 5 Moderate = 3 Low = 1								High = 5	Moderate = 3			Low = 1
	10%	10%	10%	10%	20%	20%	20%		40%	60%			
<b>Administration, Attendance and Health</b>													
1	Data & Analysis	5	3	4	4	3	3	3	3.40	3	4	3.60	3.44
2	Human Resources	3	4	3	3	1	3	3	2.70	4	4	4.00	2.96
3	Employee Health Services	2	2	3	3	1	2	3	2.20	3	2	2.40	2.24
4	Financial Control [Accounts Payable]	3	4	2	2	3	2	3	2.70	3	3	3.00	2.76
5	Payroll	4	4	3	3	1	4	2	2.80	4	3	3.40	2.92
6	Accounting [Debt, CIP, Grants, Budget]	4	3	3	4	2	2	3	2.80	5	3	3.80	3.00
7	Purchasing Services	2	3	4	3	1	2	3	2.40	4	3	3.40	2.60
8	Safety & Security	4	3	3	3	5	4	3	3.70	3	4	3.60	3.68
<b>Transportation</b>													
9	Transportation	3	4	3	3	1	3	4	2.90	4	3	3.40	3.00
<b>Operations &amp; Maintenance</b>													
10	Operations	2	3	3	3	2	4	3	2.90	3	3	3.00	2.92
11	Maintenance	3	4	4	3	2	4	4	3.40	4	3	3.40	3.40
12	Warehouse [Fixed Assets/Transshipping]	2	2	1	2	1	4	3	2.30	2	1	1.40	2.12
13	Grounds	1	2	2	2	3	2	2	2.10	2	3	2.60	2.20
<b>Food Services</b>													
14	Food Services	4	4	4	3	1	3	3	2.90	3	3	3.00	2.92
<b>Administrative Technology</b>													
15	PC Replacement	2	3	1	2	5	3	3	3.00	3	3	3.00	3.00
16	IT Application Support	2	4	3	4	4	3	3	3.30	3	3	3.00	3.24
17	IT Infrastructure	2	4	3	5	5	3	3	3.60	3	3	3.00	3.48
18	IT Security / Resilience	3	3	3	5	5	3	3	3.60	3	4	3.60	3.60
19	<b>Athletics</b>	2	2	3	2	5	3	3	3.10	2	3	2.60	3.00
<b>Instruction</b>													
20	Regular Education	4	3	3	3	2	3	3	2.90	3	4	3.60	3.04
21	Special Education	5	3	5	4	1	4	3	3.30	4	3	3.40	3.32
22	Alternative Education	4	3	3	2	5	3	3	3.40	2	2	2.00	3.12
23	Career & Technical Education	3	3	3	3	1	3	3	2.60	3	3	3.00	2.68
24	Gifted Education	3	2	3	2	5	3	3	3.20	2	3	2.60	3.08
25	Early Childhood Education	3	2	3	2	5	3	3	3.20	2	2	2.00	2.96
26	Guidance & Counseling	3	2	3	3	5	3	3	3.30	3	3	3.00	3.24
27	Student Services	3	3	3	3	5	3	3	3.40	2	4	3.20	3.36
28	Student Health	3	2	3	3	2	2	3	2.50	2	2	2.00	2.40
3 x 28 = 84 max		84	84	84	84	NA	84	84		84	84		



Ranked List - No Instruction

Risk Ranking		Cost Center	Risk Score		
FY20	FY19		FY20	FY19	Change
1	7	Safety & Security	3.68	3.08	0.60
2	1	IT Security / Resilience	3.60	4.20	(0.60)
3	5	IT Infrastructure	3.48	3.28	0.20
4	6	Data & Analysis	3.44	3.20	0.24
5	4	Maintenance	3.40	3.36	0.04
6	9	IT Application Support	3.24	3.00	0.24
7	2	Transportation	3.00	3.64	(0.64)
7	5	Accounting [Debt, CIP, Grants, Budget]	3.00	3.28	(0.28)
7	12	PC Replacement	3.00	2.60	0.40
8	11	Human Resources	2.96	2.76	0.20
9	3	Food Services	2.92	3.48	(0.56)
9	14	Payroll	2.92	2.32	0.60
9	8	Operations	2.92	3.04	(0.12)
10	13	Financial Control [Accounts Payable]	2.76	2.36	0.40
11	10	Purchasing Services	2.60	2.80	(0.20)
12	15	Employee Health Services	2.24	2.24	0.00
13	17	Grounds	2.20	1.84	0.36
14	16	Warehouse [Fixed Assets/Transshipping]	2.12	1.96	0.16

Risk Ranking		Cost Center	Risk Score		
FY20	FY19		FY20	FY19	Change
1	8	Safety & Security	3.68	3.08	0.60
2	1	IT Security / Resilience	3.60	4.20	(0.60)
3	5	IT Infrastructure	3.48	3.28	0.20
4	6	Data & Analysis	3.44	3.20	0.24
5	4	Maintenance	3.40	3.36	0.04
6	7	Student Services	3.36	3.16	0.20
7	9	Special Education	3.32	3.04	0.28
8	10	IT Application Support	3.24	3.00	0.24
8	15	Guidance & Counseling	3.24	2.40	0.84
9	12	Alternative Education	3.12	2.76	0.36
10	14	Gifted Education	3.08	2.48	0.60
11	5	Regular Education	3.04	3.28	(0.24)
12	16	Athletics	3.00	2.36	0.64
12	5	Accounting [Debt, CIP, Grants, Budget]	3.00	3.28	(0.28)
12	13	PC Replacement	3.00	2.60	0.40
12	2	Transportation	3.00	3.64	(0.64)
13	18	Early Childhood Education	2.96	2.24	0.72
13	12	Human Resources	2.96	2.76	0.20
14	3	Food Services	2.92	3.48	(0.56)
14	17	Payroll	2.92	2.32	0.60
14	9	Operations	2.92	3.04	(0.12)
15	16	Financial Control [Accounts Payable]	2.76	2.36	0.40
16	11	Career & Technical Education	2.68	2.80	(0.12)
17	11	Purchasing Services	2.60	2.80	(0.20)
18	20	Student Health	2.40	1.88	0.52
19	18	Employee Health Services	2.24	2.24	0.00
20	21	Grounds	2.20	1.84	0.36
21	19	Warehouse [Fixed Assets/Transshipping]	2.12	1.96	0.16

Audit History - Rolling 10 Year Visual

3/21/19

Highlighted boxes indicate audit work performed		Fiscal Year Ending									
Auditable Areas/ Functions		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
1	Data & Analysis										
2	Human Resources										
3	Employee Health Services										
4	Financial Control [Accounts Payable]										
5	Payroll										
6	Accounting [Debt, CIP, Grants, Budget]										
7	Grant Management (NA)										
8	Purchasing Services										
9	Safety & Security										
10	Transportation										
11	Operations										
12	Maintenance										
13	Warehouse [Fixed Assets/Transshipping]										
14	Grounds										
15	Food Services										
16	Admin Technology - PC Replacement										
17	Admin Technology - Application Support										
18	Admin Technology - Infrastructure										
19	Admin Technology - Security/ Resilience										
20	Athletics										
21	Regular Instruction										
22	Special Education										
23	Alternative Education										
24	Career & Technical Education										
25	Gifted Education										
26	Early Childhood Education										
27	Guidance & Counseling										
28	Student Services										
29	Student Health										
30	School Activity Funds										

Blue Box = Instruction Functions