School District of
Indian River County

"A CommUNITY Partnership Toward Educational Excellence"

School District of Indian River County

Internal Audit Review of The Payroll Process

Prepared By:
RSM McGladrey, Inc.
September 4, 2008

Table of Contents

Transmittal Letter 1

Executive Summary 2-3

Background 4

Objectives and Approach 5

Issues and Recommendations 6-13

Other Observations… 14

Appendix A - Process Map 15-28

September 4, 2008

The Audit Committee of the
School District of Indian River County
Vero Beach, FL 32960-3367

Pursuant to the School District of Indian River County (‘District’) approved audit plan, we hereby submit our internal audit report covering the Payroll Process. We will be presenting this report to the Audit Committee at the next scheduled meeting on September 11, 2008.

Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations related to our internal audit of the Payroll Process.
Background	This provides an overview of the Payroll Process.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
Issues and Recommendations	This section describes specific issues and observations noted during our review of the Payroll process with corresponding recommendations and Management’s response.
Appendix - Process Maps	This section includes process maps depicting the flow of in-scope processes as validated by the Payroll Department (Appendix A).

We would like to thank the various departments and all those involved in assisting the Internal Auditors in connection with the review of the Payroll Process.

Respectfully Submitted,

INTERNAL AUDITORS

Executive Summary

Executive Summary

The primary purpose of this review was to assess the design adequacy and operating effectiveness of the internal control structure in place over the Payroll process and identify any areas for process improvements. During the course of our work, we discussed the control design and operating deficiencies with management. Our observations and recommendations for improving controls are described in detail in this report, along with management's response. An evaluation of the severity of the concern and the potential impact on the operations. Items are rated as High, Moderate or Low.

- *High - Risk Items* are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner.
- *Moderate - Risk Items* may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible.
- *Low – Risk Items* could escalate into operational issues, but can be addressed through the normal course of conducting business.

There are many areas of risk to consider including financial, operational and/or compliance, to name a few. For public sector organizations, we also take into account public perception risk when determining the relative risk rating.

Summary of Issues

Issues Summary	Relative Risk
1. Segregation of Duties and User Access – Appropriate segregation of duties and user access should include separating the authorizing, recording, and reconciling functions. These duties are typically owned by different departments and/or areas including HR, Payroll, etc. Throughout our testing, we noted weaknesses in user access and segregation of duties. The key weakness noted was the ability to change pay rates by staff outside of the Human Resources Department.	**High**
2. Department Head and Principal Review - Payroll reports are not being reviewed by certain department heads and principals subsequent to the closing of the payroll period. Exceptions would be best detected by the supervisors at the site. For example, the Principal will know who was on vacation, sick, or short-term disability. This will not and should not be detected by the payroll department. Oversight and Monitoring of Payroll – Although the Payroll Department currently has a pre and post review process, in our sample tested of thirty disbursements selected for detailed testing, we noted that one employee's paycheck included an overpayment of two days. The hours for two separate days were entered twice. The current review processes in place did not detect and correct this error. Appropriate monitoring reports should be developed by the Payroll and IS departments. Enhancements or new reports are needed to accomplish a complete and accurate review.	**High**
3. Payroll Reconciliations – We identified three critical reconciliations performed related to payroll. During our testing of these reconciliations, we noted inconsistencies with timeliness, second party review and approval, treatment of unreconciled and immaterial items. The District should formalize procedures surrounding reconciliations and include specifics on timeliness, second party review, investigating reconciling items and immaterial items and maintaining appropriate backup.	**Moderate**

Executive Summary - continued

Summary of Issues - continued

Issues Summary	Relative Risk
4. Time Validation – District payroll clerks validate the accuracy of time input by the various sites. This control is also performed at each site location, and thus there is duplication of efforts.	**Moderate**
5. Tax Rates – There is no independent review process to ensure withholdings programmed into the financial software package are accurate and consistent with statutory requirements. During our testing, we noted one inaccurate tax rate (per the 2008 IRS Tax Tables) is maintained in CrossPointe Terms.	**Moderate**
6. Manual Adjustments – Three manual adjustments to payroll records in our sample did not have documented evidence of approval. Adjustment forms should include space and procedures for documented evidence of review and approval (i.e., signature).	**Low**
7. Journal Entry – Although there is a review process in place to verify completeness and accuracy of payroll journal entries prior to posting, there is no evidence to substantiate the review process. We recommend that the review is documented to evidence performance.	**Low**

Background

Background

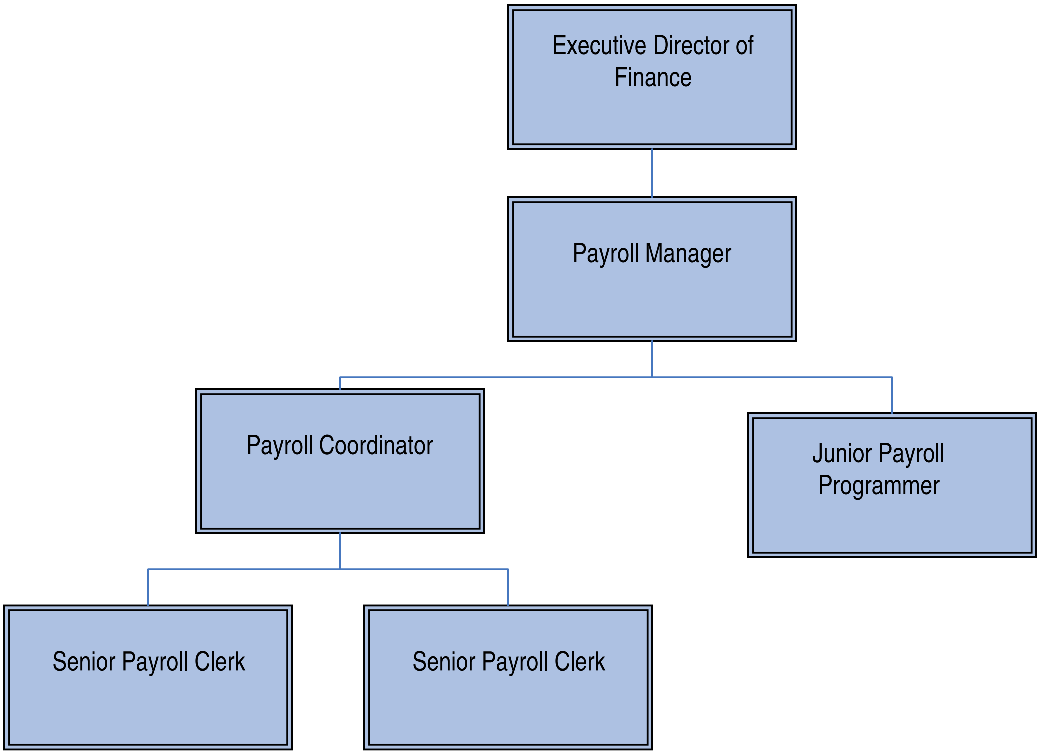
Payroll Process

The Payroll Process performed at the District involves coordination among a variety of departments:

- The HR Department is responsible for the following as it relates to the payroll process:
  - Establish salary and enter data records for new employees;
  - Maintain and retain personnel data records; and
  - Process Employee Status Changes to include promotion, transfer and/or terminations.
- A timekeeper at each site is responsible for inputting time and time exceptions for individual employees.
- The Finance Department oversees all processes and record keeping of the District’s financial transactions and safeguards the District’s assets in accordance with generally accepted accounting principles and applicable regulatory requirements.
- The Payroll Department processes pay semi-monthly. Manual runs can occur at any time.

The interactions of these different departments are shown in the process map included at Appendix A. This audit specifically focused on the centralized payroll process occurring in the Payroll and Finance Department areas.

Staffing



Payroll Statistical Data

Annual payroll exceeded $130 million during the 2007/2008 fiscal year for the District’s nearly 2,900 employees including:

- More than 700 hourly employees (this includes approximately 529 substitute teachers)
- More than 2,150 contracted / salary personnel
- 3,093 W-2 tax reporting forms were issued to District personnel for 2007.
- The 5 member Payroll team processes more than 24 semi-monthly payrolls and over 44 special payrolls during a fiscal year.
- There are 38 “Pay Locations” throughout the District.

Objectives and Approach

Objectives and Approach

Objectives

The primary purpose of this review was to assess the design adequacy and operating effectiveness of the internal control structure in place over the Payroll Process and identify process improvements. Our approach was focused on determining whether the proper controls exist and whether existing controls are appropriate for mitigating the risks to the Payroll Process.

Objectives of the current internal audit review of the payroll process include the following:

- ☐ Evaluate controls at the central processing location that ensure pay is accurately calculated.
- ☐ Evaluate controls to ensure exceptions to normal pay are monitored.
- ☐ Evaluate controls to ensure overpayment situations are identified and monitored.
- ☐ Evaluate controls to ensure payroll data is accurately presented in the general ledger.
- ☐ Evaluate controls to ensure payroll taxes are computed and paid accurately and timely.
- ☐ Evaluate access controls and segregation of duties within the payroll function.

Approach

The design adequacy and operating effectiveness analysis of internal controls over Payroll consisted of the following steps:

Understanding and Documentation of the Process

In order to obtain an understanding of the significant processes in scope and identify inherent risk and key controls to mitigate this risk, we conducted a facilitated session and performed a process walkthrough with the respective process owners and subject matter experts. We researched and reviewed applicable Florida Statues, Rules of the Auditor General, Indian County School District Policies and payroll guidelines. We inquired of the department personnel and obtained detailed documentation of the process, which is captured in a 'Process Map.' The maps have been validated and approved by the District and are included in Appendix A of this report.

Risk and Control Matrix

From the facilitated sessions, process walkthroughs, and with documentation provided, we summarized the following for each process:

- Key process risks inherent to each process.
- Existing controls for mitigating the risks identified.
- Evaluation of controls. Any issues identified during our evaluation are presented in the Issues and Recommendations section of this report.

Detailed Tests of Controls

We performed specific testing related to the controls identified to evaluate whether the controls were operating as designed. Our fieldwork was conducted at the District's office. We utilized sampling and other auditing techniques as follows to meet our audit objectives outlined above.

Reporting

At the conclusion of our audit, we summarized our findings related to the payroll process. We conducted an exit conference with the Payroll Manager, Executive Director of Finance, and Deputy Superintendent. We have incorporated management's response into our report.

Issues and Recommendations

ISSUES AND RECOMMENDATIONS

Rating	Issues	Recommendation	Management Response
High	1 ***Segregation of Duties and User Access***		
	Appropriate segregation of duties should include separating authorizing, recording, and reconciling functions. These duties are typically owned by different departments. We reviewed the segregation of duties and user access for various payroll functions and noted the following gaps: ▪ The Payroll Department has full edit access to the Payroll Module, including access to modify salary / hourly rate fields. ▪ All Payroll Department employees have access to post payroll to the Finance Module. Access to the Finance module should be limited to the Finance Department. ▪ The Executive Director of Finance has edit access to all functions and modules within CrossPointe, including modifying salary / hourly rate fields, etc. ▪ Three HR / Risk Management Department employees have edit access to payroll adjustments, pay types, and salary schedule. Without proper segregation of duties surrounding compensation and the payroll function, errors, misappropriation of payroll funds or other types of irregularities could occur without being detected in a timely manner, if at all.	During our testing, we did not notice any instances of inappropriate use of access; however, we recommend segregation of duties and corresponding user access restrictions be appropriately established and embedded within the financial software package District-wide to provide access for specific authorized areas only. These duties would be performed within and outside of the Payroll Department. Appropriate segregation and user access should be reviewed and monitored regularly, especially when there are job / function changes. Specifically: ▪ Access to modify salary / rate fields should be limited to the HR Department. ▪ Access to process payroll should be limited to the Payroll Department. ▪ Access to post payroll to the Finance Module should be limited to the Finance Department who should not be able to modify the information. ▪ Access within departments should be limited according to roles and job duties. ▪ All other access to the Payroll Module should be limited to specific authorized functions or view capabilities only. We understand there are limitations within the Payroll / Human Resources Modules within CrossPointe Terms that hinder the ability to segregate access functions within user profiles in the system. Thus, exception reports should be created, reviewed, and monitored on a continuous basis, to ensure that only valid changes have been made to employee files and that only appropriate personnel are making changes to employee files. At a minimum, these exception reports should contain changes to the following attributes by employee: pay rate, pay grade, pay type, etc. The exception reports should also detail the user who made the change to the employee masterfile. The creation, review, and monitoring of these exception reports would require collaboration between the Information Services, Payroll, and HR Departments.	The District concurs with the auditor's recommendation regarding segregation of duties and the corresponding user access restriction. A review of all appropriate security levels will be undertaken to ensure that access is granted only to specific authorized areas. The District currently has an audit log that details any changes that are made to all master files. This log will be made available to department heads on a weekly basis for their review. **Owner:** Payroll Systems Analyst / Payroll Manager **ECD:** April 30, 2009

ISSUES AND RECOMMENDATIONS

Rating	Issues	Recommendation	Management Response
High	**2 *Oversight and Monitoring of Payroll***		
	Of the thirty disbursements selected for detailed testing, we noted that one employee's paycheck included an overpayment of two days. The hours for two separate days was entered twice. The current review processes in place did not detect and correct this error. Payroll Department Review Throughout the payroll process, the Payroll Department is reviewing several variance and edit reports to ensure exceptions to normal pay are identified. For example, upon completion of payroll processing for the period, the Senior Payroll Clerks review a variance report and investigate variances to ensure completeness and accuracy and then the Payroll Manager reviews the documented reports and approves the exceptions noted. However, the variance report review did not catch the date/hours duplication noted above. In addition, as noted in Issue #1, the Senior Payroll Clerks and the Payroll Manager have full edit access within the Payroll Module. Therefore, the reviewers have access to modify the information reflected in the variance reports. Department Head and Principal Review Payroll reports are not being reviewed by certain department heads and principals subsequent to the closing of the payroll period. Exceptions would be best detected by the supervisors at the site. For example, the Principal will know who was on vacation, sick, or short-term disability. This will not and should not be detected by the payroll department. Without the proper review process, the District payroll records could inadvertently contain errors which may not be properly detected within a timely manner.	As noted in user access recommendations in Issue #1, access within departments should be limited according to roles and job duties. Once the District addresses segregation of duties, this control will be more effective. However, if segregation of duties is not properly addressed, payroll variances and modifications should be reviewed by someone outside of the payroll processing function. Payroll Department Review The Payroll Department should work with IS to ensure they are utilizing reports that contain all pertinent information necessary for review/monitoring purposes. For example, edit reports should include information such as duplicated dates. Department Head and Principal Review We recommend that certain department heads and principals receive payroll reports after each payroll run and it should be their responsibility to report any discrepancies to the District. Evidence of the review should be documented and retained. This issue is elevated due to the lack of adequate segregation of duties and user access issues identified.	The District concurs with the auditor's recommendation regarding oversight and monitoring of payroll. The Payroll Department will enhance its current procedures to include two additional processes designed to detect any errors. These changes in procedure will include running two versions of its current edit variance reports and add an additional hourly edit report. Version one will be an edit report that will be used to verify the accuracy of information prior to processing of payroll checks. Version Two will be run after the processing of checks to show all final adjustments. Version two will be distributed electronically for Department Head and Principal review at the end of each pay period. The District will also have an hourly edit report that identifies any employee (regular or substitute) who has more than one entry on a day within the pay period. We believe that these process enhancements will improve the oversight and monitoring of payroll. **Owner:** Payroll Manager **ECD:** October 31, 2008

ISSUES AND RECOMMENDATIONS

Rating	Issues	Recommendation	Management Response
Moderate	**3 *Payroll Reconciliations***		
	Reconciliations quickly identify errors and needed corrections. If reconciliations are performed infrequently, errors and adjustments can go undetected, resulting in the need for significant corrections. Reconciling differences should be corrected before the books are closed for month-end. There are several key reconciliations completed as part of the controls over the payroll process. Payroll / General Ledger One of the key controls identified in the payroll process is the reconciliation of payroll subledger detail to the General Ledger. Upon review of the annual reconciliation, we noted the following: ▪ The payroll reconciliation is solely performed for liability accounts. Expenses are not reconciled to the G/L. ▪ At the time of testing, the research of a difference of $701.45 was not complete; therefore, we were unable to document a completion date or verify timeliness. ▪ Second party review of reconciliations is not performed. Payroll / Bank Statement Although the bank accounts, including the payroll account, are being reconciled regularly, the reconciliations for the two months selected (May and June) were not prepared and reviewed on a timely basis. ▪ The May 2008 reconciliation was completed approximately 35 work days subsequent to month-end and was reviewed approximately 13 days after the preparation of the reconciliation. ▪ The June reconciliation was also completed approximately 35 work days subsequent to month-end. The reconciliation was reviewed the next day.	We recommend that the District incorporate into their procedures the following: ▪ Reconciliations should be reviewed and signed off by an individual separate from the preparation of the reconciliations. In some cases, the application of thresholds can be utilized in determining the need for second party review. For example, if the total Employee A/R exceeds a specified amount, an independent second party review would be required. ▪ All reconciliations should be performed within a specified time period to assist in ensuring timely account reconciliations with appropriate documentation of the date performed. The specified time frames should be documented in Policies and Procedures. ▪ Reconciling items should be fully investigated on a timely basis. Further, the underlying root cause should be identified so that future errors can be prevented. ▪ Immaterial reconciling items should be written off on a timely basis. ▪ Supporting documentation should be maintained to support the reconciliations. We understand that often unforeseen circumstances may arise whereby the preparer and/or reviewer of the reconciliations may be out of the office for an extended period of time. For this reason, we recommend departments assign backups for each role. This would allow for job knowledge sharing and assist the department with timely completion of tasks if an employee were unable to complete his/her job function.	Staff has reviewed the findings and recommendations related to the payroll reconciliations. We concur with the auditor's assessment of processes that are in need of improvement. Finance staff's goal is to complete a full reconciliation for all accounts including payroll expenses, receivables, and liabilities with separation of duties for preparation and review. An individual independent of the reconciliation will subsequently review the documentation. Further, any discrepancies will be investigated and corrected in a timely manner and immaterial items will be written off as appropriate. Supporting documentation will also be maintained with the reconciliation as well as a process to reconcile expenditures to the Cross Pointe system will be developed and will be reviewed independent of the preparer. The District will continue to regularly prepare the bank reconciliations and work to complete the reconciliations within 30 days. In addition, the District acknowledges the need for cross training and a backup for the bank reconciliation. **Owner:** Accounting Manager General Ledger **ECD:** February 28, 2009

ISSUES AND RECOMMENDATIONS

Rating	Issues	Recommendation	Management Response
Moderate	**3 *Payroll Reconciliations – continued***		
	Employee Accounts Receivable / General Ledger We reviewed the June 30, 2008 employee accounts receivable general ledger noting the balance was $4,777.54. As part of our testing, we noted the following: ▪ The June Employee A/R reconciliation does not agree to the Payroll Department's Employee A/R balance. ▪ There is no independent review of the Employee A/R reconciliation and supporting backup. ▪ Two unreconciled items were noted for follow up by the Payroll Manager and one unreconciled item noted for follow up in July 2008. These remained unreconciled at the time of our test procedures.		

ISSUES AND RECOMMENDATIONS

Rating	Issues	Recommendation	Management Response
Moderate	**4 *Time Validation***		
	During our testing, we noted the schools submit a package to the payroll department which includes a cover sheet signed by the principal certifying the payroll. The package also includes copies of timesheets. District Payroll Clerks utilize these timesheets to validate the accuracy of the time input. In addition to creating additional paperwork for the District payroll clerks and school personnel, this control should not be performed by the payroll department. Since clerks performing this accuracy check have system access to modify time records, it is not an appropriate segregated review process. Further, the payroll staff at the District cannot personally determine whether time appears reasonable because they are not at the site.	The verification of time is better performed at the worksite where employees are known and seen regularly. Further, the person verifying the time input reports would not have payroll system access. Therefore, we recommend the District discontinue the review of timesheets in the payroll area and reinforce that the verification process performed at the schools should confirm the accuracy and authorization of all time entered in the system.	The District agrees with the recommendation of the auditor and will review the current process. The District will implement a training plan with the site timekeepers to further ensure the verification process occurs at the site level which will eliminate the current duplication of effort. **Owner:** Payroll Manager **ECD:** September 30, 2008

ISSUES AND RECOMMENDATIONS

Rating	Issues	Recommendation	Management Response
Moderate	**5** ***Tax Rates***		
	Statutory tax rates and tables are manually updated in the system, and there is no second party review of the updates to ensure that withholdings in the financial software package are accurate and consistent with statutory requirements. In order to validate the manual process, we compared the 2008 IRS Tax Rates and Tables to the CrossPointe Terms rates and tables. We noted the following error: ▪ The Federal Withholding table for a Married person being paid on a semimonthly basis contained an error in the percentage applied to the highest tax bracket. Upon further investigation, we noted this input error did not affect any employees' pay and the error was corrected immediately.	Due to the inherent risk of error in a manual environment, we recommend a second party perform a review and comparison of the IRS tax tables to the system. At a minimum, the review should be conducted on an annual basis and after any updated are performed. This review should be: ▪ Performed by someone who does not have access to change the rates, ▪ Documented to evidence performance, and ▪ Documentation should be maintained.	The District concurs with the auditor's recommendation regarding an independent review of changes to the tax rates. Subsequent to the auditor's recommendation, the District has implemented a step in the year-end process whereby all changes will be reviewed and approved by Executive Director of Finance. This procedure will be performed and verified prior to any payroll processing that would occur after the effective date of the change and all supporting documentation will remain with the annual year end reports. **Owner:** Payroll Manager **ECD:** Effective immediately

ISSUES AND RECOMMENDATIONS

<table>
<tr><th>Rating</th><th>Issues</th><th>Recommendation</th><th>Management Response</th></tr>
<tr><td>Low</td><td colspan="3">6 <i>Manual Adjustments</i></td></tr>
<tr><td></td><td>We noted payroll adjustments must be properly approved prior to processing in the system. The authority matrix for payroll adjustments is as follows:
<table>
<tr><th>Adjustment Type</th><th>Authorized Approver</th></tr>
<tr><td>Accounting Transfers</td><td>Payroll Manager and/or Sr. Payroll Clerks</td></tr>
<tr><td>Payroll Voids</td><td>Finance Department (typically the Fiscal Accountant)</td></tr>
<tr><td>Manual Adjustments</td><td>Payroll Manager or Assistant Payroll Manager</td></tr>
</table>
We randomly selected transactions for each Adjustment Type to verify that the payroll adjustments were reviewed and approved, in accordance with the above matrix, prior to payroll processing. No exceptions were noted for authorization of accounting transfers or voids; however, three manual adjustments were not documented with proper authorization.</td><td>We recommend appropriate second party review and approval of all manual payroll adjustments, including proper documentation of such review. Adjustments should not be processed without proper authorization. The current adjustment forms contain an area for required sign-off(s).</td><td>The District concurs with the auditor's recommendation regarding a review and approval of all manual payroll adjustments. The District has implemented a step in the manual check process requiring either the Payroll Manager or Payroll Coordinator's signature. If the Payroll Manager and the Payroll Coordinator are not available, then the signature of the Executive Director of Finance must be obtained.
Owner: Payroll
ECD: Effective immediately</td></tr>
</table>

ISSUES AND RECOMMENDATIONS

Rating	Issues	Recommendation	Management Response
Low	**7 *Journal Entry Review***		
	Although there is a process in place for the preparation of payroll related journal entries and a second party review to verify completeness and accuracy prior to posting, the process of review and authorization to post is informal, inconsistent, and documentation to support such authorization is not maintained. In addition, the reviewer and poster have the ability to modify the journal entry prior to posting and post the entry to the Finance Module. The poster also has responsibilities and system access related to processing payroll.	We recommend that all journal entries are reviewed prior to posting and signed off. The review should be conducted by an individual separate from the preparation and modification of the journal entry. The review should be documented to evidence performance and timing. In addition, as noted in Issue #1 above, proper segregation and user access restrictions should be implemented and monitored.	The District concurs with the recommendation that a payroll journal entry review should be performed by someone independent of the payroll process. Upon receipt of the auditor's recommendation staff implemented this change in our procedure. After the payroll is processed and loaded into the finance system, the journal entries are now reviewed and posted by either of the two Accounting Managers. **Owner:** Finance **ECD:** Effective immediately

ISSUES AND RECOMMENDATIONS

Other Observations

User Access - Based on our review of user access, a thorough review of access capabilities should be reviewed throughout the District to ensure other departments do not have control deficiencies similar to that described in Issue #1.

Preparer / Reviewer Dates - Throughout our testing, we noted several instances where the preparer and/or reviewer did not include the date when documenting his/her evidence of review. As documented dates provide evidence of timeliness of review and approval procedures, we recommend that all sign-offs include both signature and date.

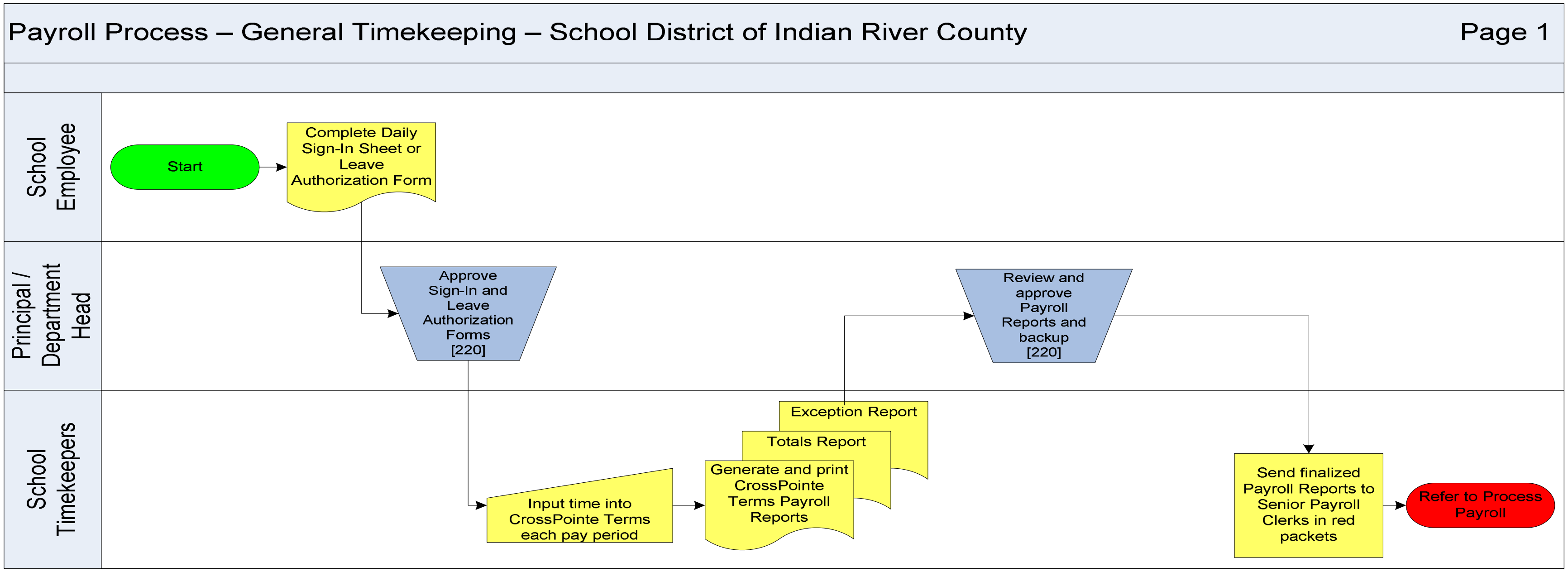
Procedures Manual - We noted that the Payroll Department recently completed a very detailed Procedures Manual for timekeeping and payroll processing. These formal, written procedures provide detailed instructions on routine functions, as well as many non-routine occurrences in the event of absences of key employees performing such functions. We noted several instances in the Procedures Manual whereby employee names were documented. We recommend that all employee names be removed and replaced with employee titles / positions. By using titles / positions, the need to update the manual will be reduced. Additionally, we recommend that the Procedures Manual identify the backup position for the process if the responsible party is out of the office to ensure the processes are completed timely. As the Payroll Department finalizes the Procedures Manual, version control should be documented and maintained to ensure all employees are utilizing the correct Manual at all times. Our understanding is that the District maintains their Policies and Procedures on their intranet. Several districts have begun to post their Policies and Procedures (including instructions and forms for vendors, contractors, etc.) on the internet. Making this information easily accessible to the employees and the public assists with providing guidance to others (i.e. Department employees, vendors) and increasing the appearance of governance and transparency for the District.

Overtime - During times of budget cuts it is not unusual for Districts to limit overtime including having all overtime approved by supervisors. Overtime accounting and reporting is highly regulated by the Fair Labor Standards Act and specifically notes that overtime requirements may not be waived by agreement between the employer and employees. Thus it is critical that the District continue to heighten the awareness of the overtime requirements to both classified employees and supervisors on an ongoing basis.

Appendix A – Process Maps

The purpose of the process map is to illustrate key processes and highlight key control points within the process. Process maps may be used as a procedural or training tool by the District to provide a visual depiction of the key steps within a process that needs to be followed.

PROCESS MAP

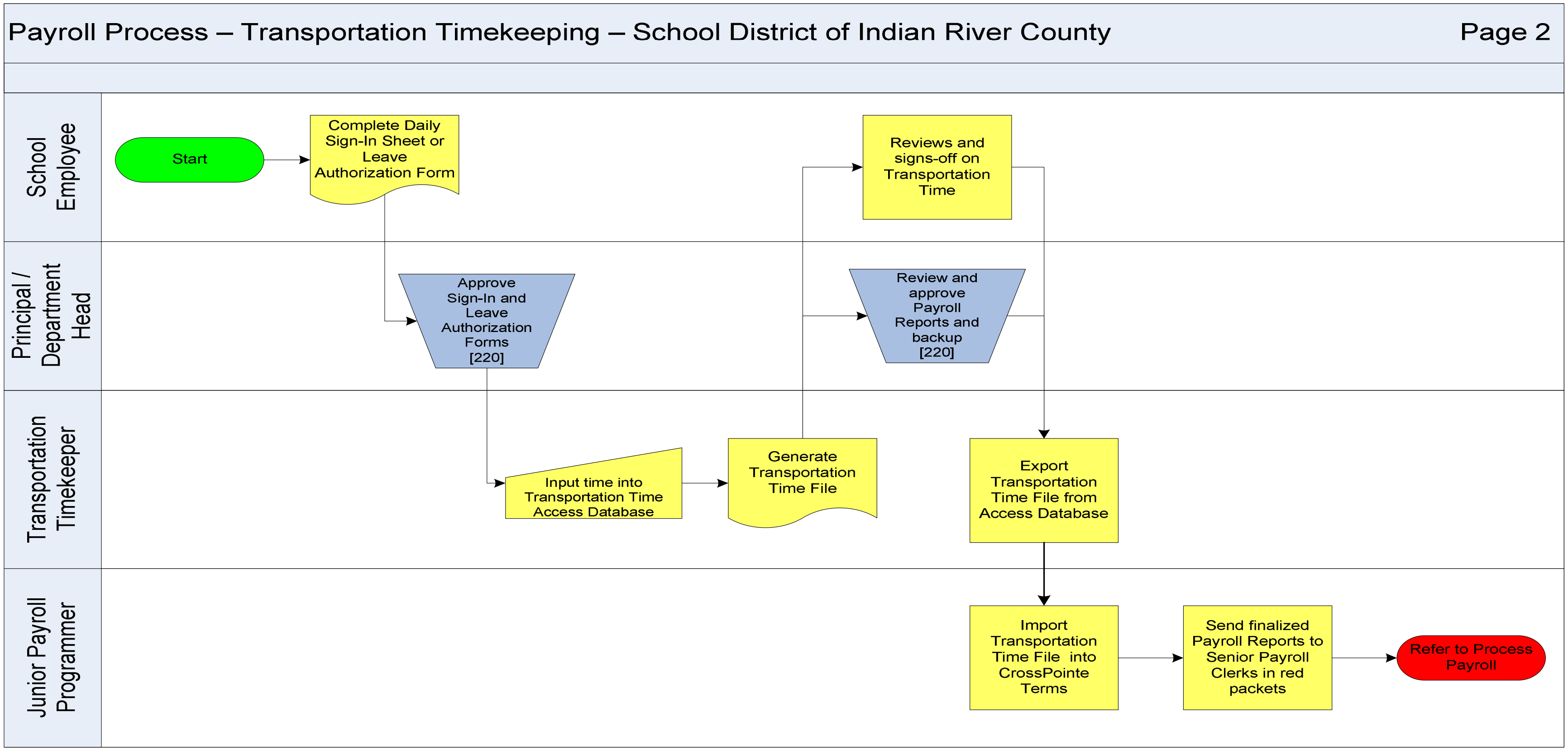

Payroll Process – General Timekeeping – School District of Indian River County
Page 1
School Employee
Principal / Department Head
School Timekeepers
Start
Complete Daily Sign-In Sheet or Leave Authorization Form
Approve Sign-In and Leave Authorization Forms [220]
Input time into CrossPointe Terms each pay period
Generate and print CrossPointe Terms Payroll Reports
Totals Report
Exception Report
Review and approve Payroll Reports and backup [220]
Send finalized Payroll Reports to Senior Payroll Clerks in red packets
Refer to Process Payroll

Note 1:
Items on this page are considered "timekeeping" and will be examined in a later audit.

Legend:

Process Step	Automated Control	Manual Control	Gap

PROCESS MAP

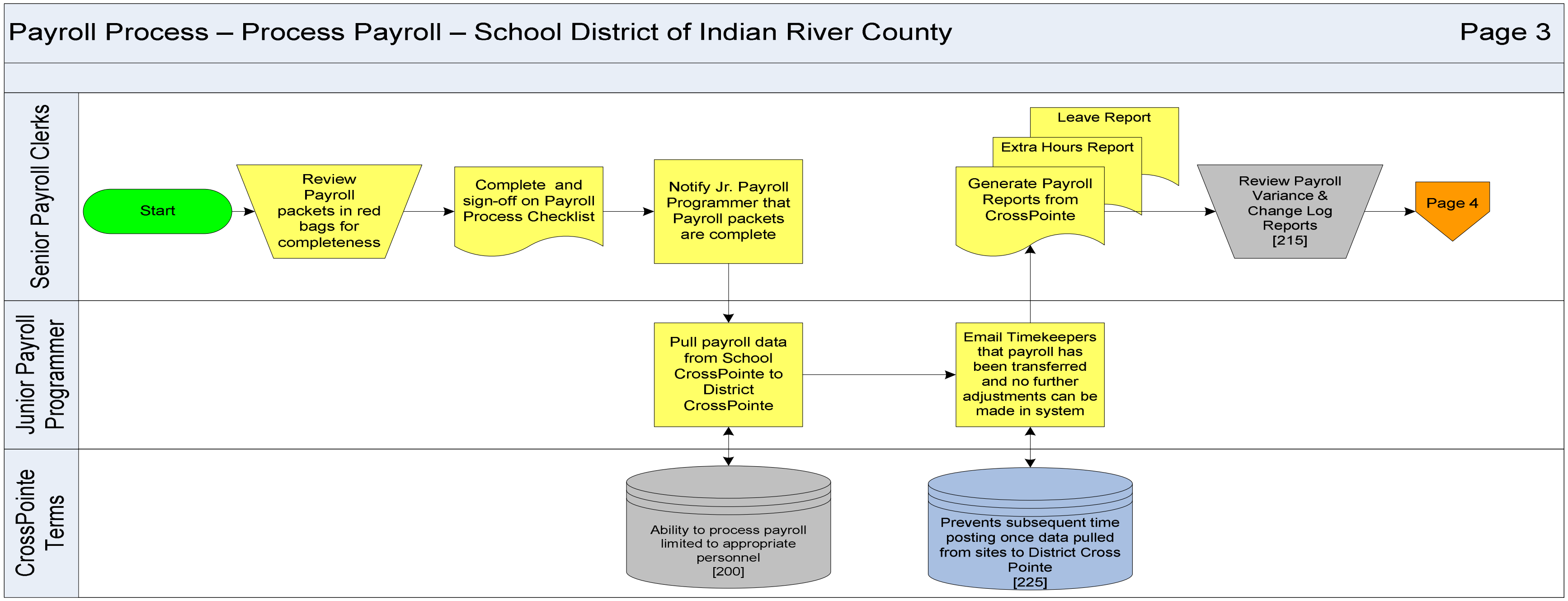

Payroll Process – Transportation Timekeeping – School District of Indian River County
Page 2
School Employee
Principal / Department Head
Transportation Timekeeper
Junior Payroll Programmer
Start
Complete Daily Sign-In Sheet or Leave Authorization Form
Approve Sign-In and Leave Authorization Forms [220]
Input time into Transportation Time Access Database
Generate Transportation Time File
Reviews and signs-off on Transportation Time
Review and approve Payroll Reports and backup [220]
Export Transportation Time File from Access Database
Import Transportation Time File into CrossPointe Terms
Send finalized Payroll Reports to Senior Payroll Clerks in red packets
Refer to Process Payroll

Note 1:
Items on this page are considered "timekeeping" and will be examined in a later audit.

Legend:

Process Step	Automated Control	Manual Control	Gap

PROCESS MAP

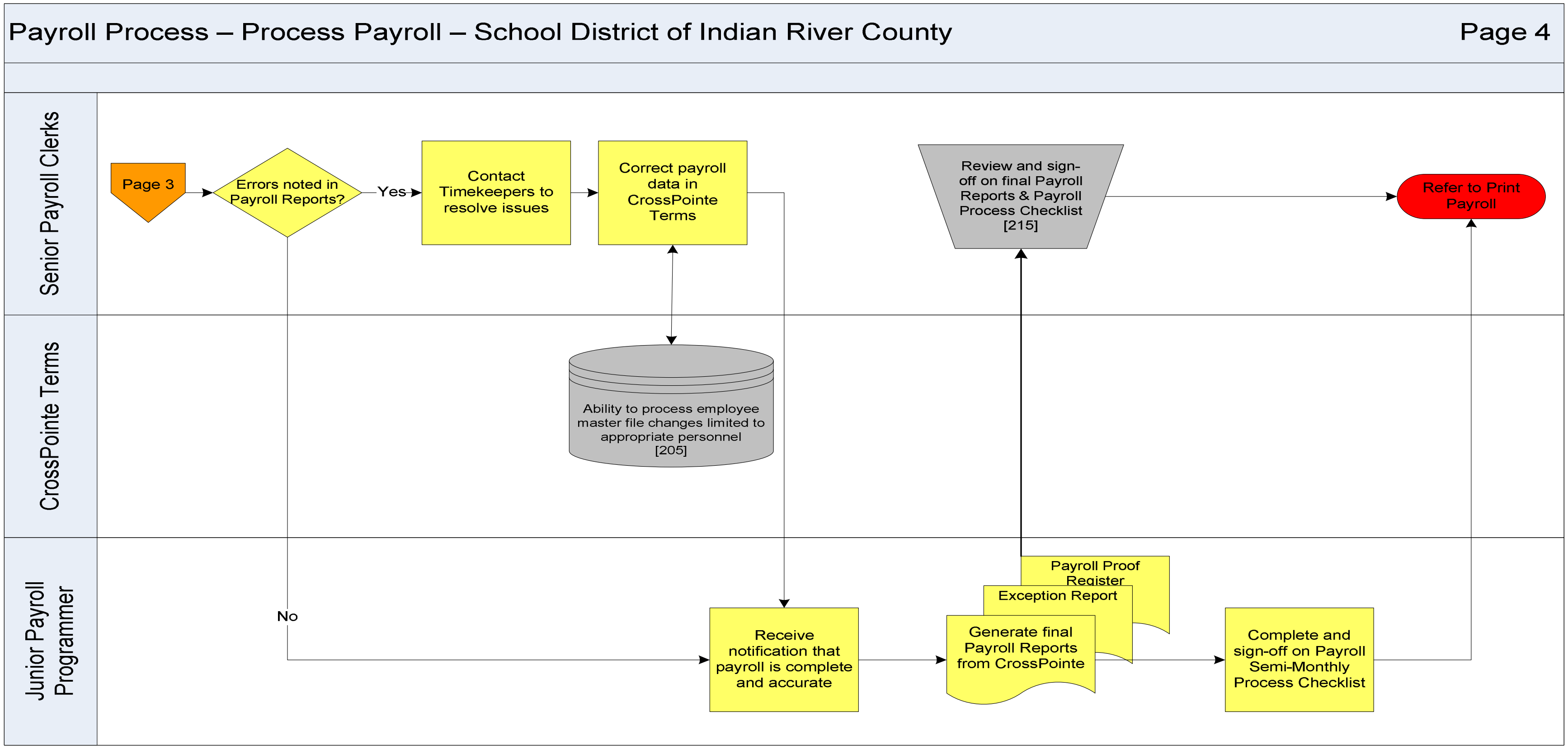

Payroll Process – Process Payroll – School District of Indian River County
Page 3
Senior Payroll Clerks
Junior Payroll Programmer
CrossPointe Terms
Start
Review Payroll packets in red bags for completeness
Complete and sign-off on Payroll Process Checklist
Notify Jr. Payroll Programmer that Payroll packets are complete
Leave Report
Extra Hours Report
Generate Payroll Reports from CrossPointe
Review Payroll Variance & Change Log Reports [215]
Page 4
Pull payroll data from School CrossPointe to District CrossPointe
Email Timekeepers that payroll has been transferred and no further adjustments can be made in system
Ability to process payroll limited to appropriate personnel [200]
Prevents subsequent time posting once data pulled from sites to District Cross Pointe [225]

Control 240: Standard programmed algorithms maintained in CrossPointe Terms perform significant payroll calculations

Legend:

Process Step	Automated Control	Manual Control	Gap

PROCESS MAP

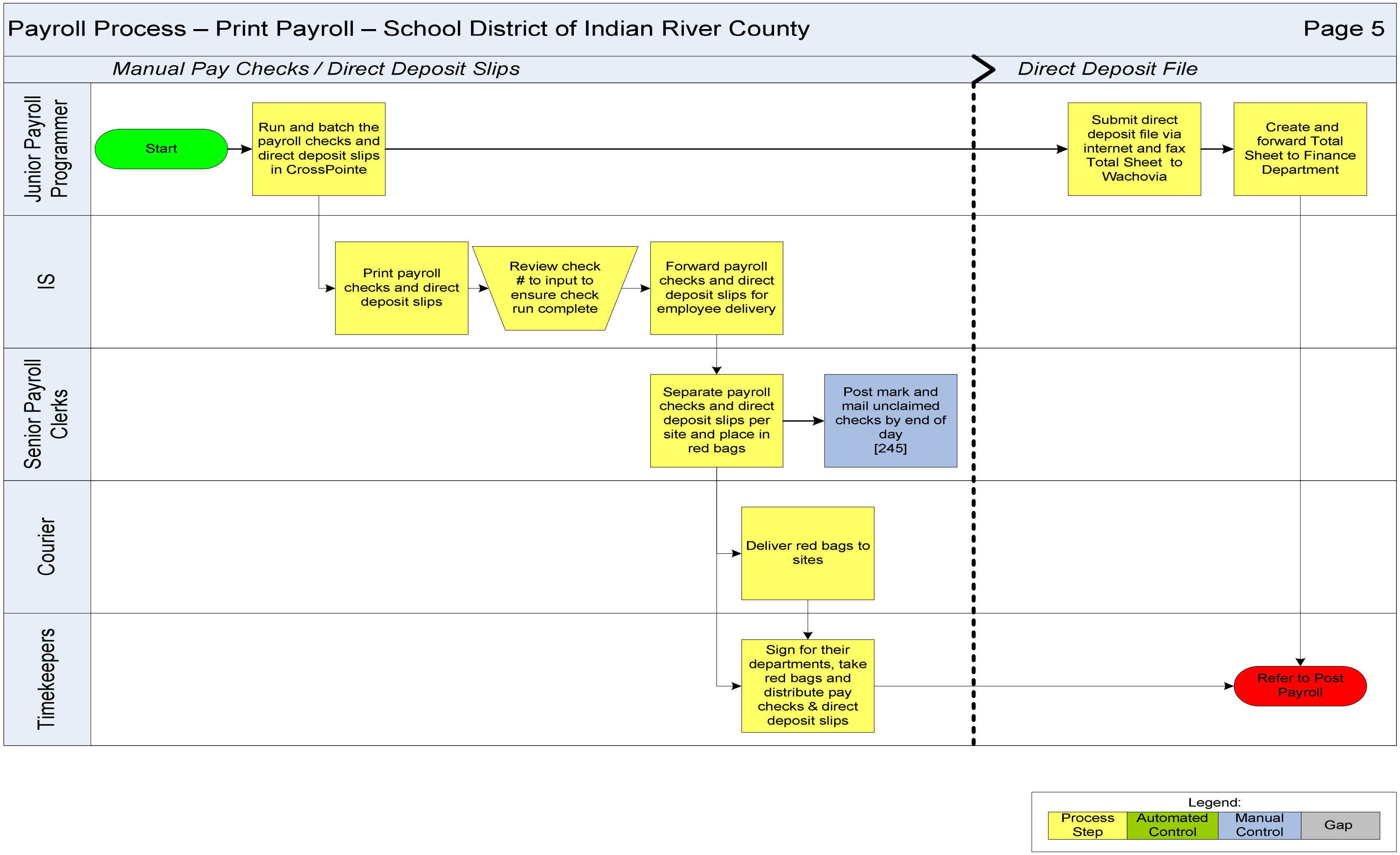

Payroll Process – Process Payroll – School District of Indian River County
Page 4
Senior Payroll Clerks
CrossPointe Terms
Junior Payroll Programmer
Page 3
Errors noted in Payroll Reports?
Yes
No
Contact Timekeepers to resolve issues
Correct payroll data in CrossPointe Terms
Ability to process employee master file changes limited to appropriate personnel [205]
Review and sign-off on final Payroll Reports & Payroll Process Checklist [215]
Refer to Print Payroll
Receive notification that payroll is complete and accurate
Payroll Proof Register
Exception Report
Generate final Payroll Reports from CrossPointe
Complete and sign-off on Payroll Semi-Monthly Process Checklist

Control 240: Standard programmed algorithms maintained in CrossPointe Terms perform significant payroll calculations

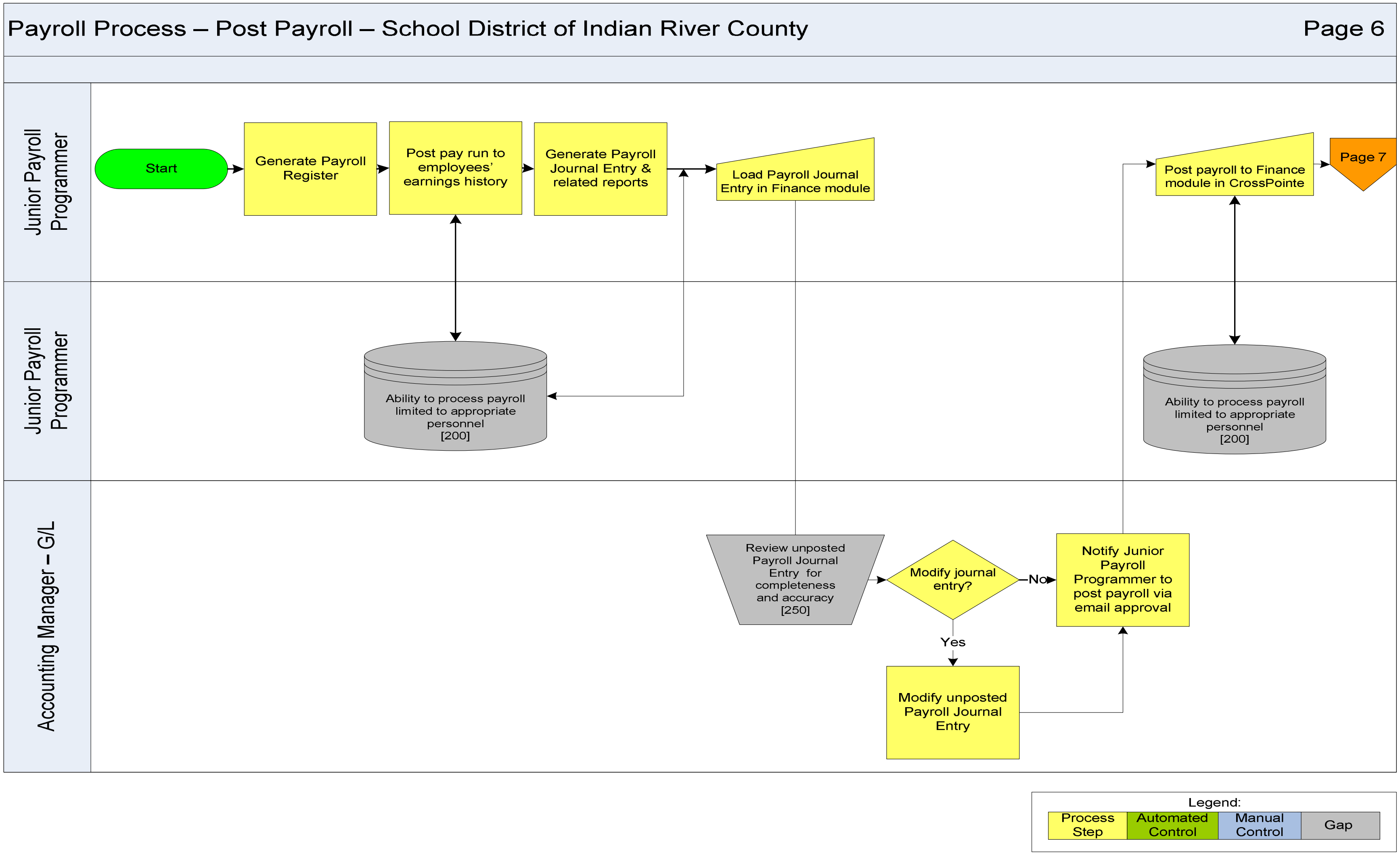
Legend:

Process Step	Automated Control	Manual Control	Gap

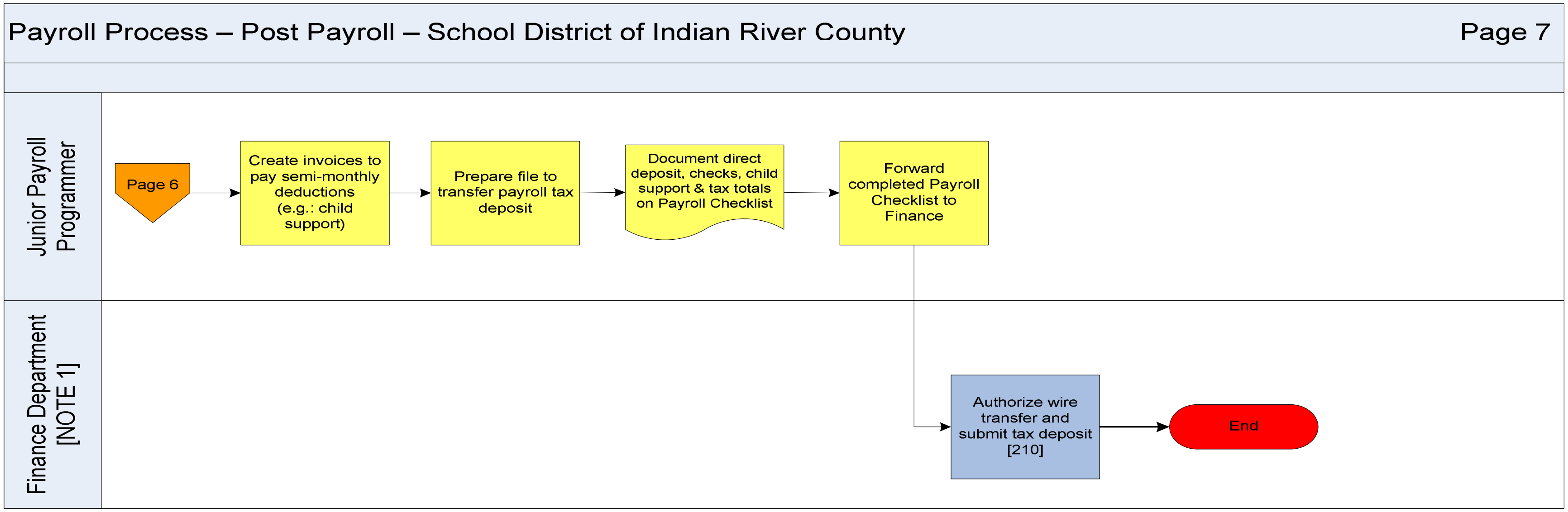
PROCESS MAP


Payroll Process – Print Payroll – School District of Indian River County
Page 5
Manual Pay Checks / Direct Deposit Slips
Direct Deposit File
Junior Payroll Programmer
IS
Senior Payroll Clerks
Courier
Timekeepers
Start
Run and batch the payroll checks and direct deposit slips in CrossPointe
Submit direct deposit file via internet and fax Total Sheet to Wachovia
Create and forward Total Sheet to Finance Department
Print payroll checks and direct deposit slips
Review check # to input to ensure check run complete
Forward payroll checks and direct deposit slips for employee delivery
Separate payroll checks and direct deposit slips per site and place in red bags
Post mark and mail unclaimed checks by end of day [245]
Deliver red bags to sites
Sign for their departments, take red bags and distribute pay checks & direct deposit slips
Refer to Post Payroll
Legend:
Process Step
Automated Control
Manual Control
Gap

PROCESS MAP


Payroll Process – Post Payroll – School District of Indian River County
Page 6
Junior Payroll Programmer
Junior Payroll Programmer
Accounting Manager – G/L
Start
Generate Payroll Register
Post pay run to employees' earnings history
Generate Payroll Journal Entry & related reports
Load Payroll Journal Entry in Finance module
Post payroll to Finance module in CrossPointe
Page 7
Ability to process payroll limited to appropriate personnel [200]
Ability to process payroll limited to appropriate personnel [200]
Review unposted Payroll Journal Entry for completeness and accuracy [250]
Modify journal entry?
No
Yes
Notify Junior Payroll Programmer to post payroll via email approval
Modify unposted Payroll Journal Entry
Legend:
Process Step
Automated Control
Manual Control
Gap

PROCESS MAP


Payroll Process – Post Payroll – School District of Indian River County
Page 7
Junior Payroll Programmer
Finance Department [NOTE 1]
Page 6
Create invoices to pay semi-monthly deductions (e.g.: child support)
Prepare file to transfer payroll tax deposit
Document direct deposit, checks, child support & tax totals on Payroll Checklist
Forward completed Payroll Checklist to Finance
Authorize wire transfer and submit tax deposit [210]
End

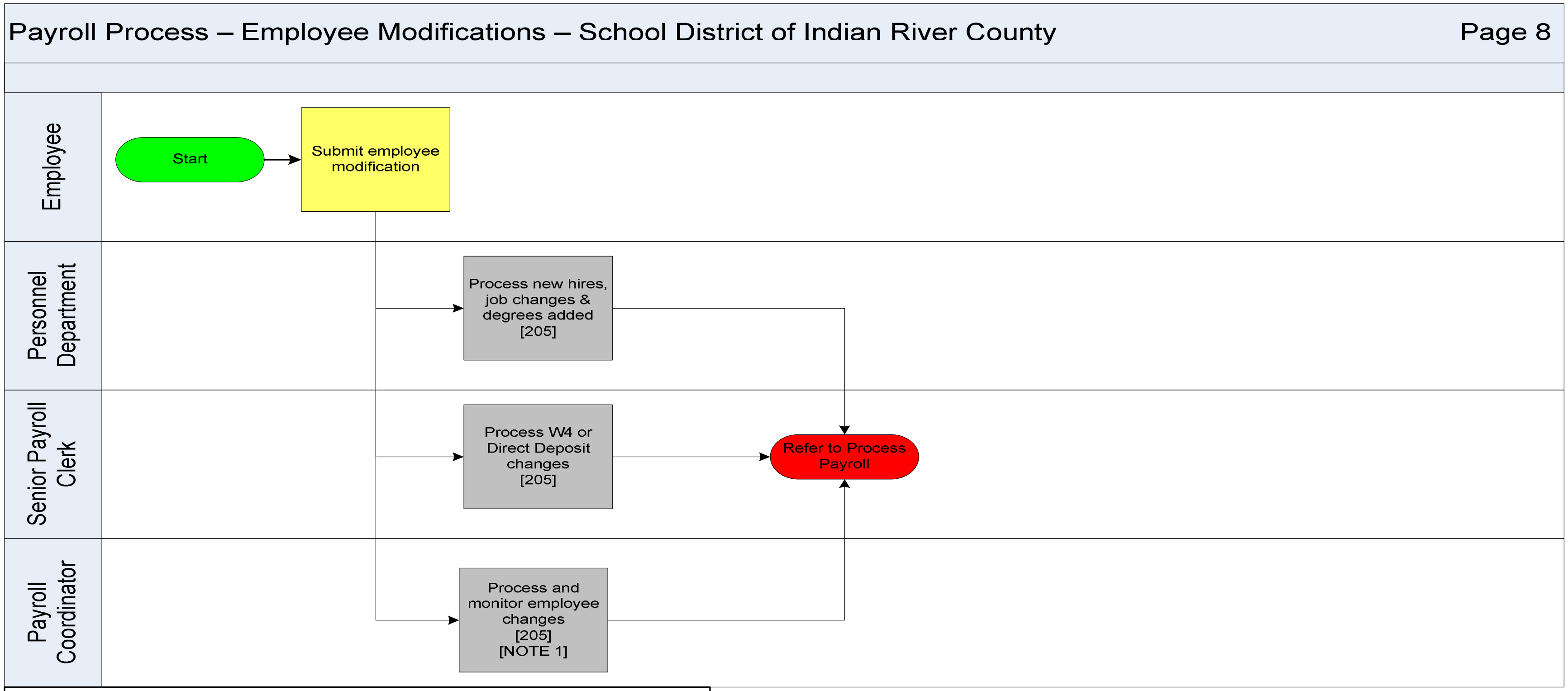
NOTE 1: Wachovia Wire Transfer Authority Matrix

	Daily Initiation Limit	Single Transaction Initiation Limit	Daily Approval Limit	Single Transaction Approval Limit
ATKINSCH	$ 99,999,999.00	$ 99,999,999.00	$ 99,999,999.00	$ 99,999,999.00
AUMPHREY	$ 99,000,000.00	$ 99,000,000.00	$ 99,000,000.00	$ 99,000,000.00
CMORRISON	$ 9,999,999,999.00	$ 999,999,999.00	$ 9,999,999,999.00	$ 99,999,999.00
JFRENGEL	$ -	$ -	$ -	$ -
JUBARTLETT	$ -	$ -	$ -	$ -
KBRUGGER	$ 9,999,999.00	$ 9,999,999.00	$ 9,999,999.00	$ 9,999,999.00
RBESANCON	$ -	$ -	$ -	$ -

Legend:

🟨	🟩	🟦	⬜
Process Step	Automated Control	Manual Control	Gap

PROCESS MAP

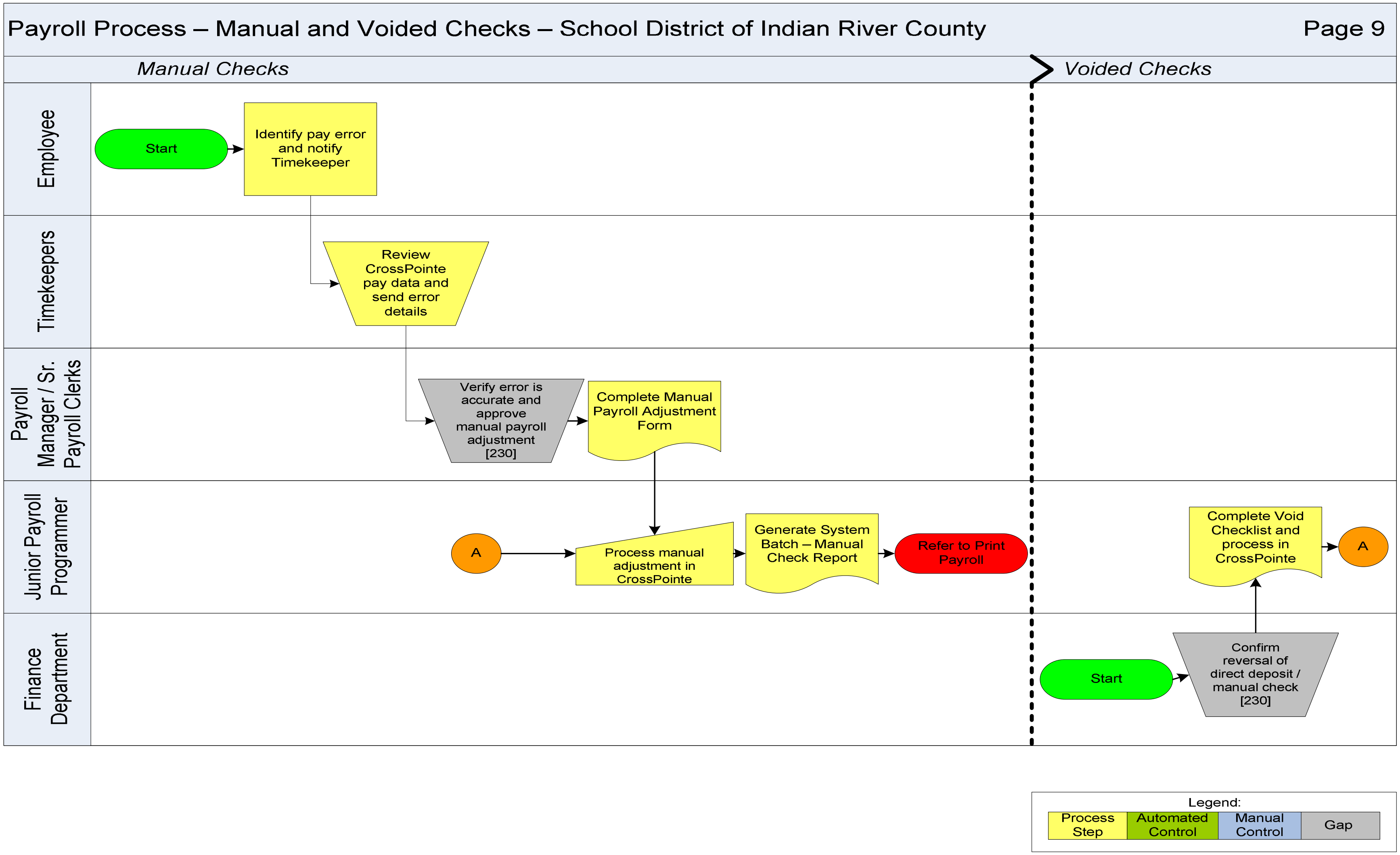

Payroll Process – Employee Modifications – School District of Indian River County
Page 8
Employee
Personnel Department
Senior Payroll Clerk
Payroll Coordinator
Start
Submit employee modification
Process new hires, job changes & degrees added [205]
Process W4 or Direct Deposit changes [205]
Process and monitor employee changes [205] [NOTE 1]
Refer to Process Payroll

NOTE 1: The Payroll Coordinator processes and/or monitors the following employee changes:
- W4 and Direct Deposit;
- Terminated employee payouts;
- Wage garnishment forms;
- Light duty;
- Employee leave;
- Other compensation;
- Sick leave bank;
- Overpaid employees;
- Supplements;
- DROP; and
- Transfer sick leave to family members.

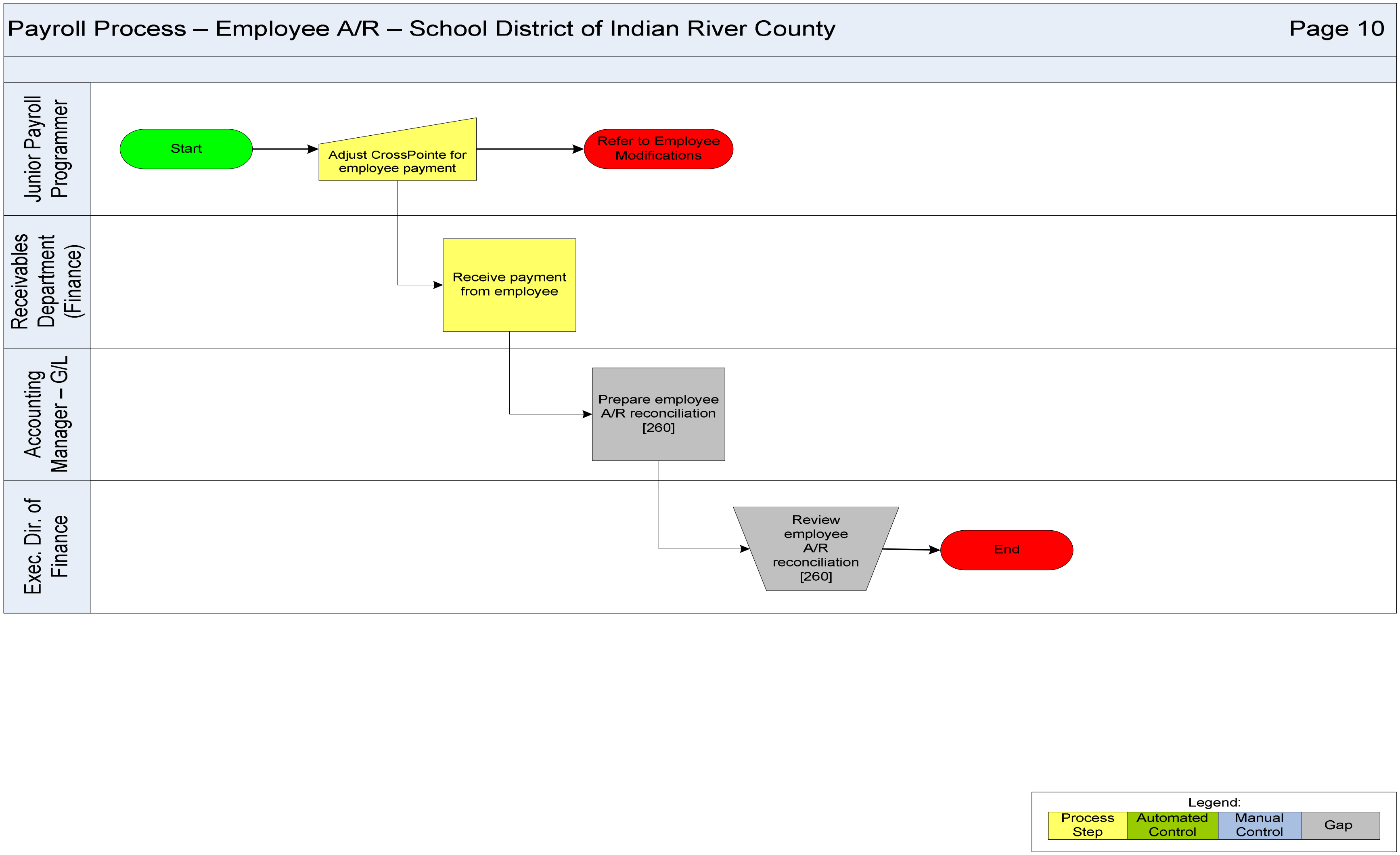
Legend:

Process Step	Automated Control	Manual Control	Gap

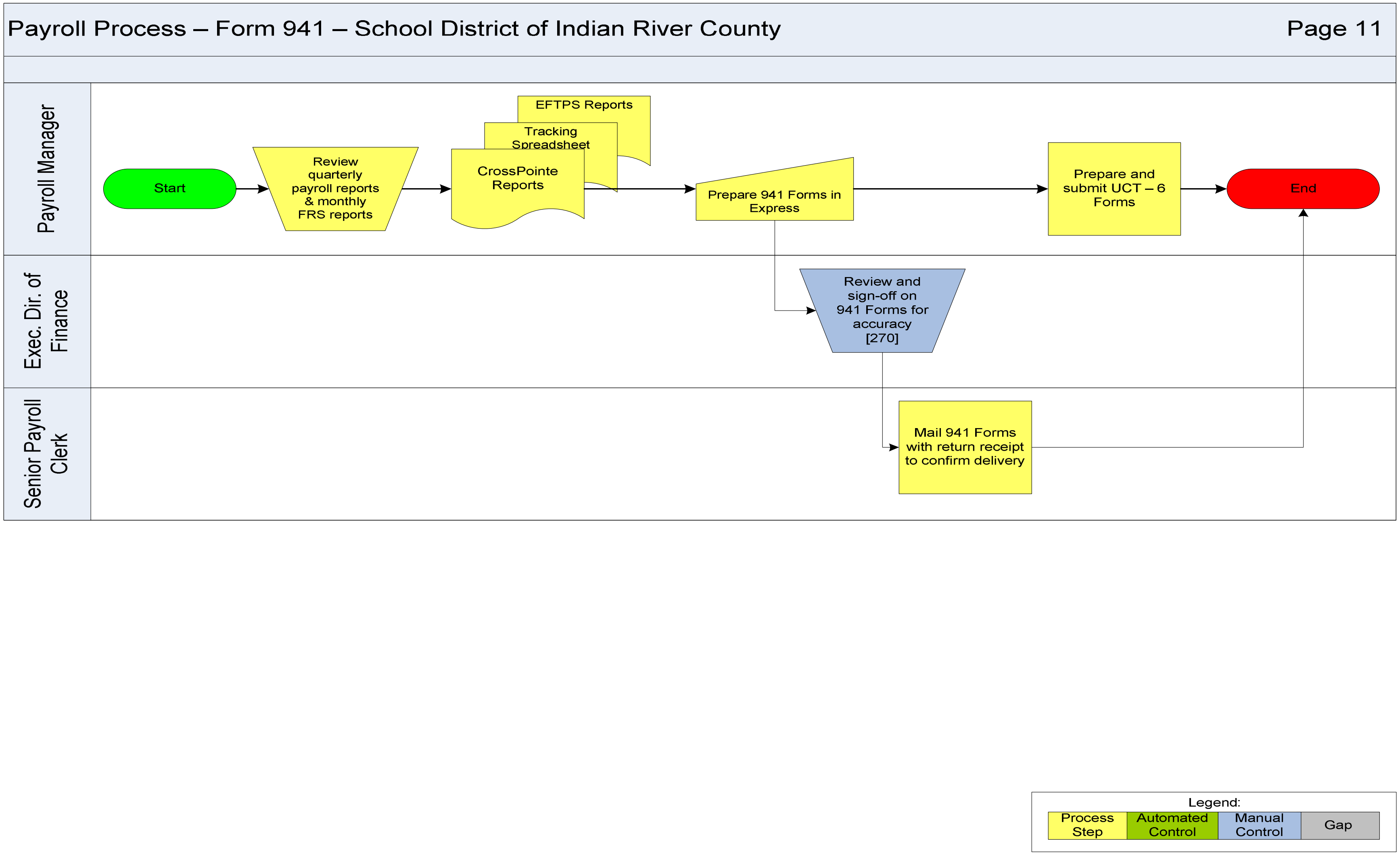
PROCESS MAP

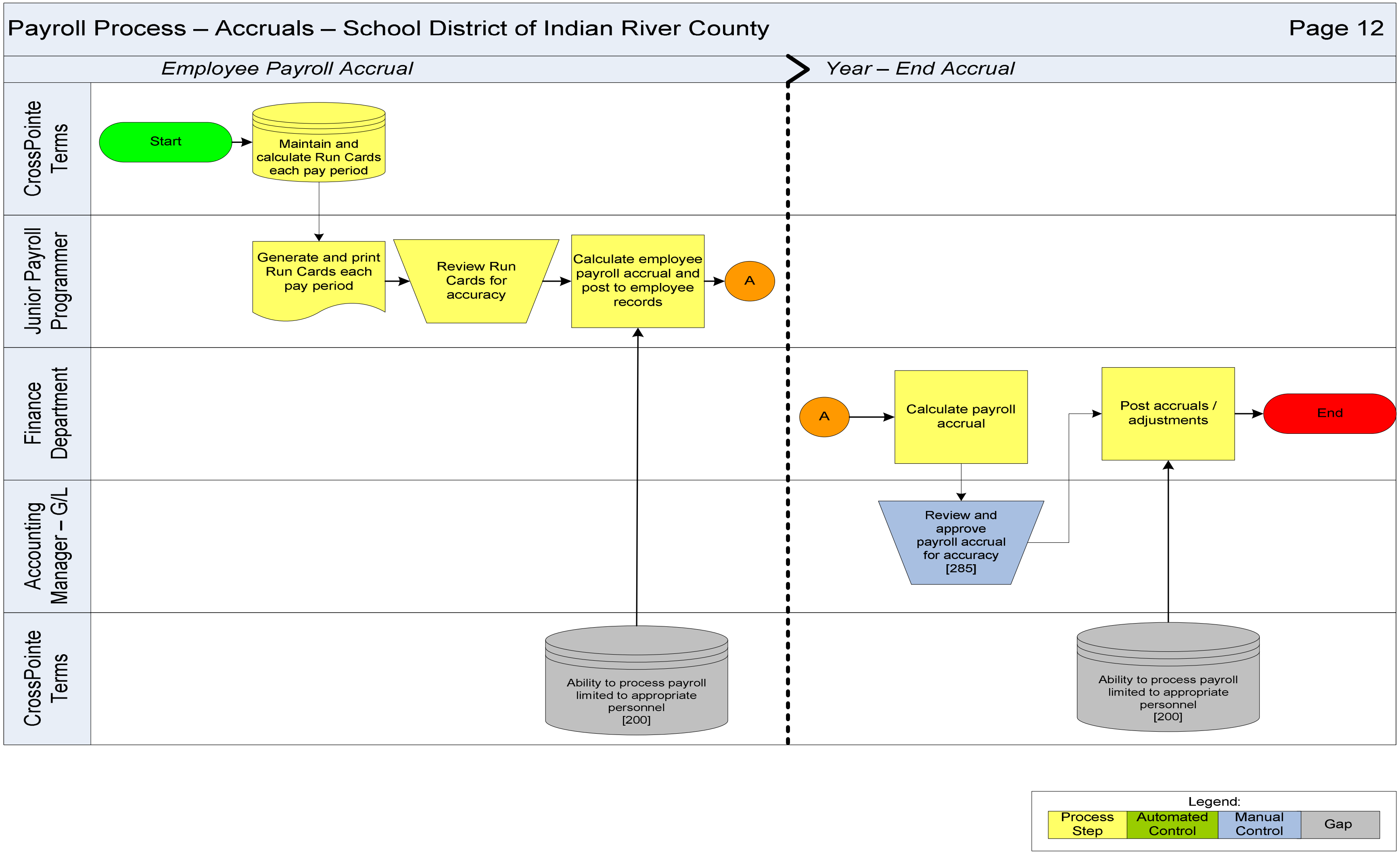

Payroll Process – Manual and Voided Checks – School District of Indian River County
Page 9
Manual Checks
Voided Checks
Employee
Timekeepers
Payroll Manager / Sr. Payroll Clerks
Junior Payroll Programmer
Finance Department
Start
Identify pay error and notify Timekeeper
Review CrossPointe pay data and send error details
Verify error is accurate and approve manual payroll adjustment [230]
Complete Manual Payroll Adjustment Form
A
Process manual adjustment in CrossPointe
Generate System Batch – Manual Check Report
Refer to Print Payroll
Start
Confirm reversal of direct deposit / manual check [230]
Complete Void Checklist and process in CrossPointe
A
Legend:
Process Step
Automated Control
Manual Control
Gap

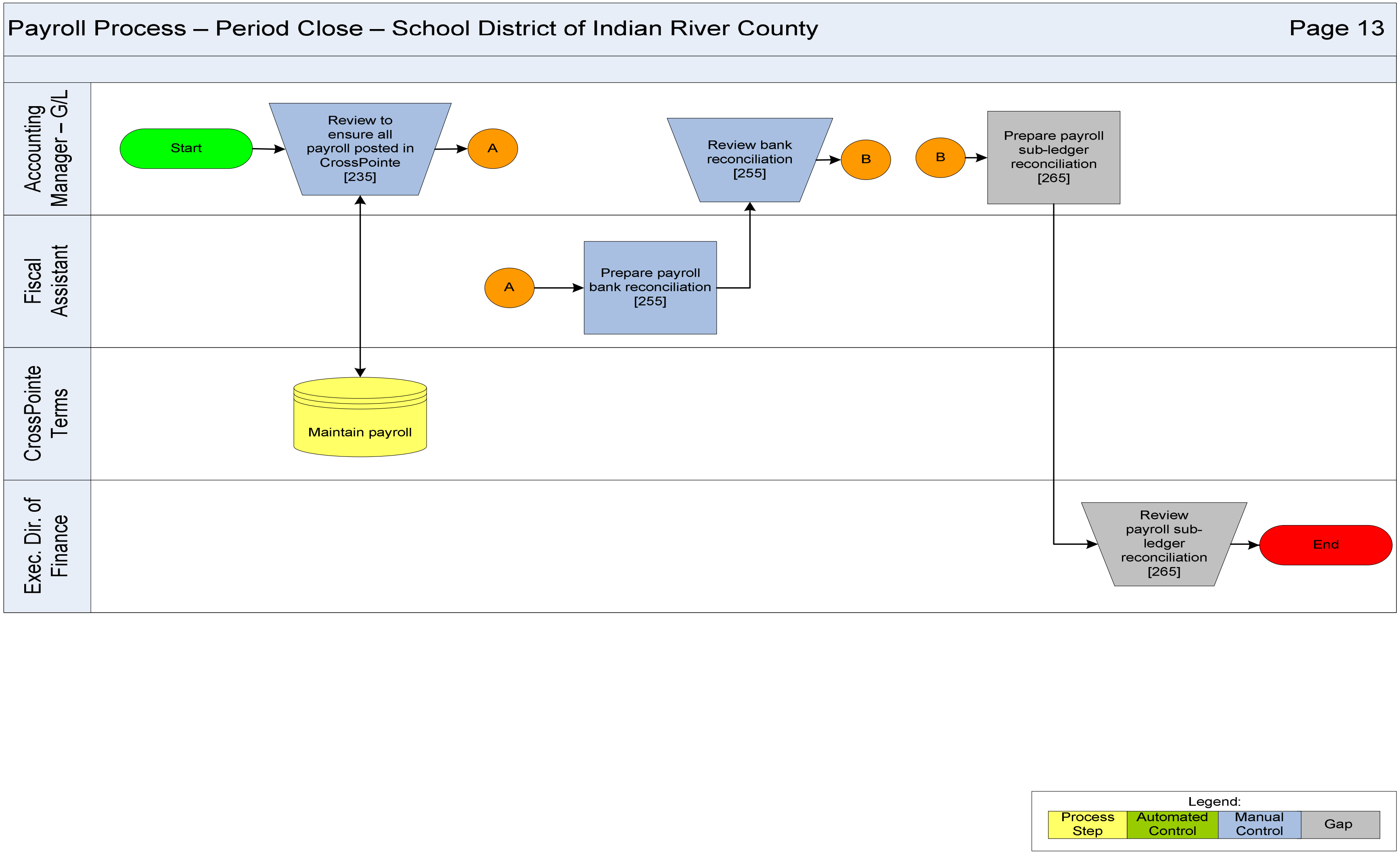
PROCESS MAP

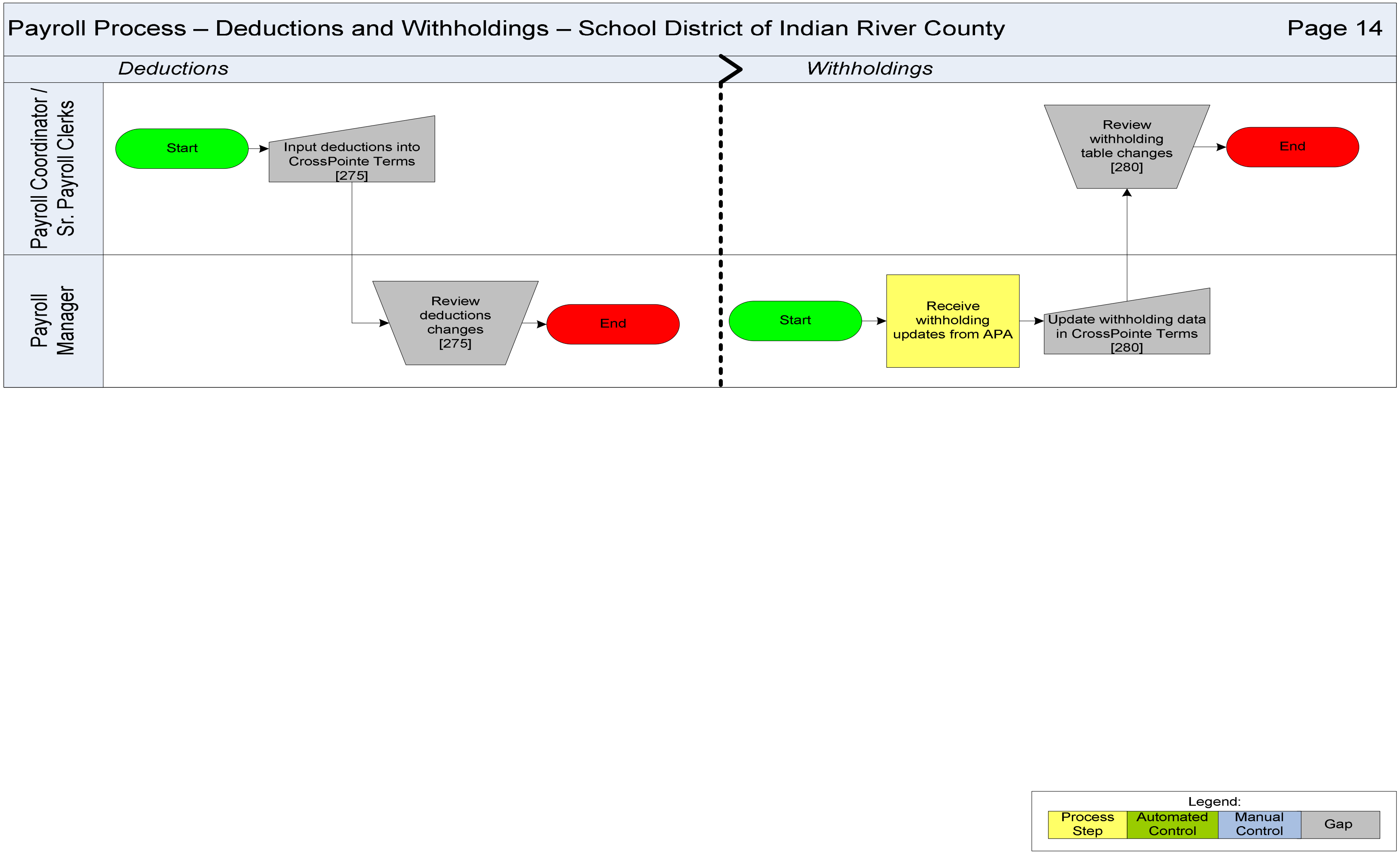

Payroll Process – Employee A/R – School District of Indian River County
Page 10
Junior Payroll Programmer
Receivables Department (Finance)
Accounting Manager – G/L
Exec. Dir. of Finance
Start
Adjust CrossPointe for employee payment
Refer to Employee Modifications
Receive payment from employee
Prepare employee A/R reconciliation [260]
Review employee A/R reconciliation [260]
End
Legend:
Process Step
Automated Control
Manual Control
Gap

PROCESS MAP


Payroll Process – Form 941 – School District of Indian River County
Page 11
Payroll Manager
Exec. Dir. of Finance
Senior Payroll Clerk
Start
Review quarterly payroll reports & monthly FRS reports
EFTPS Reports
Tracking Spreadsheet
CrossPointe Reports
Prepare 941 Forms in Express
Prepare and submit UCT – 6 Forms
End
Review and sign-off on 941 Forms for accuracy [270]
Mail 941 Forms with return receipt to confirm delivery
Legend:
Process Step
Automated Control
Manual Control
Gap


Payroll Process – Accruals – School District of Indian River County
Page 12
Employee Payroll Accrual
Year – End Accrual
CrossPointe Terms
Junior Payroll Programmer
Finance Department
Accounting Manager – G/L
CrossPointe Terms
Start
Maintain and calculate Run Cards each pay period
Generate and print Run Cards each pay period
Review Run Cards for accuracy
Calculate employee payroll accrual and post to employee records
A
Ability to process payroll limited to appropriate personnel [200]
A
Calculate payroll accrual
Review and approve payroll accrual for accuracy [285]
Post accruals / adjustments
End
Ability to process payroll limited to appropriate personnel [200]
Legend:
Process Step
Automated Control
Manual Control
Gap


Payroll Process – Period Close – School District of Indian River County
Page 13
Accounting Manager – G/L
Fiscal Assistant
CrossPointe Terms
Exec. Dir. of Finance
Start
Review to ensure all payroll posted in CrossPointe [235]
A
Maintain payroll
A
Prepare payroll bank reconciliation [255]
Review bank reconciliation [255]
B
B
Prepare payroll sub-ledger reconciliation [265]
Review payroll sub-ledger reconciliation [265]
End
Legend:
Process Step
Automated Control
Manual Control
Gap


Payroll Process – Deductions and Withholdings – School District of Indian River County
Page 14
Deductions
Withholdings
Payroll Coordinator / Sr. Payroll Clerks
Payroll Manager
Start
Input deductions into CrossPointe Terms [275]
Review deductions changes [275]
End
Start
Receive withholding updates from APA
Update withholding data in CrossPointe Terms [280]
Review withholding table changes [280]
End
Legend:
Process Step
Automated Control
Manual Control
Gap