



THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

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DR. FRANK TILL
Superintendent of Schools

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July 29, 2003

TO: School Board Members
FROM: Patrick Reilly, Executive Director *PR*
Office of Management/Facility Audits
VIA: Frank Till
Superintendent of Schools

SUBJECT: Supplemental Follow-Up Report on the Review of the Payroll Processes, Overtime and SAP/R3 HR Payroll Application

Pursuant to the Board's request at the July 15, 2003 School Board meeting, the attached Supplemental Follow-up report identified above is intended to clarify issues related to audit responses and timelines for implementation.

District Administrators and the Audit Staff met and resolved disagreements with audit findings/recommendations. In several instances, District Administrators stated they would consider an alternative action plan to comply with the audit recommendations. In addition, timelines for implementing the audit recommendations were established.

If you have any questions, please call me at 765-6421.

FT/PR:jcb
Attachment

cc: Senior Management

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The Office of Management/Facility Audits
Supplemental Follow-Up Report – "Review of the Payroll Processes, Overtime and SAP/R3 HR Payroll Application"

No.	Observation	Pg. No.	Agree/Disagree	Senior Mgr. Responsible	Timeline	Comments
1.	Employee's Covered Under FLSA, that Exceed 40 Hours per Week Contained Errors in the Computation of Hours	11-13	Agree	Dan Cochran	July 2004	HR will work closely with cross-functional department staff to determine most appropriate implementation plan, which will be implemented by September 2003.
2.	Employee's Covered Under FLSA, that Exceed 40 Hours per Week Contained Errors in Compensation Paid	14-17	Agree	Dan Cochran	July 2004	HR staff will meet with after school supervisor and principals to review issues and to develop a standard rate based on job analysis.
3.	Establish a New Hourly Rate for Child Care Worker II Position	18-20	Agree [a]	Dan Cochran	July 2004	Cross-departmental teams are to be utilized to review business processes and technology capabilities and implement a comprehensive and improved payroll practices plan.
4.	Implement Improved Business Processes to Correct Deficiencies in Current Payroll Practices	21-26	Agree [1]	Dan Cochran	July 2004	Reconfigure SAP system to isolate overtime (completed and working as of 7/1/03); code program to report overtime; train staff on proper time entry (focus groups scheduled to meet from 7/31/03 – 8/6/2003).
5.	The Current Lack of Overtime Reports Available in SAP/R3 HR Payroll Application Hinders Management's Ability to Properly Summarize, Compare and Analyze the District's Payroll	27-29	Agree	Kenneth Klink	July 2004	SAP Support Center staff will meet with cross-functional department staff to determine the most appropriate implementation plan. The SAP system is already configured to exclude longevity from FRS earnings but will require configuration to include longevity in overtime earnings. This task will take approximately four to five weeks.
6.	Correct Overtime Hourly Rate for Employees who Receive Longevity Payments	30-31	Agree	Kenneth Klink	July 2004	
7.	Expedite Necessary Software Programming to SAP/R3 HR Payroll Application to Correct Errors with Holiday Pay	32-34	Agree [2]	Ben Leong	October 2003	The Accounting Department is communicating with the HRMS team to resolve the issue of manually adjusting time for Food Service workers. The HRMS team has stated that a technological solution will be provided by October 2003.
8.	The Work Schedule and Budgeted Funds for Security Specialists and Campus Monitors does not Agree with the Provisions of Their Contract	35-37	Agree	James Notter	July 2004	
9.	Update School Board Policy and Standard Practice Bulletins for the Effective Oversight of the Payroll Process	38-41	Agree	Ben Leong	Beg. October 2003 – on-going	We agree that School Board Policies, Standard Practice Bulletins, and the Basic Payroll Time Management manual should be updated for reference by all users of the SAP system. As business processes are revised, School Board Policies, Standard Practice Bulletins and the Payroll Time Management manual will be updated.
10.	Modify the District's Payroll Schedule to Reduce the Number of Payroll Cycles In Order to Improve Efficiency	42-44	Agree	Dan Cochran	2003-2004 school year.	HR staff will develop an Action Plan to reduce payroll cycles in coordination with consolidated payroll schedules in #12.
11.	Recommend a Payroll Position be Created and Funded for the Effective and Efficient Operation of Payroll Functions	45-46	Agree [a]	Kenneth Klink	July 2004	An analysis of school level work-flow processes requirements will be conducted in coordination with principals, area superintendents and payroll processing. SAP Support Center will research more cost effective front-end data collection method to the SAP system. A recommendation either in compliance with this recommendation or an alternative action plan will be provided.

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12.	Develop Defined Workweeks Which Coincide with Pay Roll Schedules to Decrease the Errors Associated with the Calculation of Overtime Hours	47-48	Agree [3]	Dan Cochran	July 2004	HR staff will develop an Action Plan to reduce payroll cycles in coordination with consolidation of payroll schedules in #10.
13.	Implement Processes Within SAP/R3 HR Payroll Application for Administrative Office in Pupil Transportation to Report Hours Worked by Staff	49-50	Agree	Kenneth Klink	July 2004	SAP Support Center staff will meet with Pupil Transportation staff to determine the most appropriate implementation plan. SAP Support Center will research a more cost effective front-end data collection method to the SAP system.
14.	Improve Business Processes Used by Bus Terminals for Recording and Reporting of Hours Worked by Staff	51-54	Agree	Kenneth Klink	July 2004	SAP Support Center staff will meet with Pupil Transportation staff to determine the most appropriate implementation plan. SAP Support Center will research a more cost effective front-end data collection method to the SAP system.
15.	Establish Procedures for Improving the Implementation Process for Major Software Systems	55-59	Agree	Kenneth Klink	January 2004	An Action Plan will be established as part of the ETS assessment and implementation will commence as recommended.
16.	Immediately Establish Guidelines to Justify Operations of Software Applications Outside of ETS	60-61	Agree	Kenneth Klink	January 2004	An Action Plan will be established as part of the ETS assessment and implementation will commence as recommended.
17.	Establish a School Board Policy on Lunch Periods	62-63	Agree [4]	Dan Cochran	September 2003	A Standard Practice Bulletin regarding mandatory lunch periods will be provided in compliance with FLSA requirements.
18.	Establish Procedures so that Administration Properly Documents and Compensates Employees who are Covered under FLSA and Work Through Lunches/Breaks or “Off-the-Clock”	64-66	Agree	Dan Cochran	September 2003	Work through lunch and “off-the-clock” work expectations were provided by a memo from the Superintendent in May 2003. Full implementation is planned by September 2003 in coordination with items #1, 2 and 12.
	Site Visits Recommendation(s) 1. Facilities and Construction Management’s review of time worked and job functions completed by school “security” staff during construction projects. 2. Principal of Dillard High School seek reimbursement of amounts found to be overpaid. 3. Use of “lump-sum” entries for payroll purposes. 4. Calculation of “military leave.”	67-75	1. Agree 2. Agree 3. Agree 4. Agree [a]	1. James Notter 2. Rayfield Henderson 3. Kenneth Klink 4. Dan Conchran	1. December 2003 2. September 2003 3. Part of the discussions and timeline established for Observation no. 11. 4. September 2003	

[a] Responses provided as part of this Supplemental Report differ from the original responses received. The responsible parties have now stated that they are in agreement with the recommendation. However, they may provide an alternative recommendation to address the observation(s) made in the report.

[1] The Director for the Systems/SAP Support Center agrees with many of the observations and recommendations in the Internal Audit Report. The Director feels that two of the observations made are systems issues, which he personally can address, whereas the remaining issues are business process issues which must first be addressed by the “business owner” prior to any recommended action by the Systems/SAP Support Center.

[2] There is agreement that the payment for holidays should not be made for certain individuals. The disagreement comes as to how best to resolve this issue rather than disagreement with the audit finding. The Director of Systems/SAP Support Center believes that a manual work around currently utilized by the Food Service Department may be suitable, whereas the Director of the Accounting Department does not believe that this work around provides the best solution.

[3] Although the Associate Superintendent of Human Resources generally agreed with the recommendation, he stipulated that the establishment of time periods and work weeks are negotiated annually with respective bargaining units and included in their respective contracts.

[4] Generally, the Associate Superintendent of Human Resources agrees with the recommendations, but believes the best course of action is with a memorandum not a School Board Policy. The follow-up comment made by our office was to indicate that we feel strongly that a Policy is far superior to a memorandum in that it assists in the uniform application throughout the District and will assist in supporting administration when dealing with employees.