

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF THE DISTRICT OF COLUMBIA
PUBLIC SCHOOLS OVERTIME**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



June 16, 2006

Clifford B. Janey, Ed.D.
Superintendent
District of Columbia Public Schools
825 North Capitol Street, N.E. 9th Floor
Washington, DC 20002

Dear Dr. Janey:

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) *Audit of the District of Columbia Public Schools (DCPS) Overtime* (OIG No. 05-2-09GA).

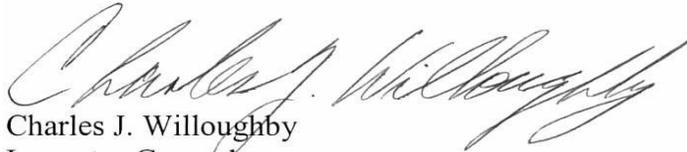
Our report contains 15 recommendations for necessary action to correct the described deficiencies. We received a response to the draft report from the Superintendent of DCPS on May 31, 2006. The Superintendent's comments set forth corrective actions and strategic changes within DCPS that should strengthen and improve operations. We consider actions taken and planned by DCPS to be responsive to the draft report. However, we request that DCPS provide additional details concerning corrective action plans to address the audit findings and recommendation in the draft report, and provide target completion dates for planned corrective actions. The full text of the Superintendent's response is included at Exhibit D.

Although we did not address any recommendations specifically to the Transportation Administrator for DCPS, we received a response, dated May 30, 2006, from Gilmore Kean, LLC, which represents the Office of the Transportation Administrator. The Transportation Administrator disagreed with certain facts as presented in the report. Accordingly, we reexamined our facts and conclusions and determined that the report is fairly presented. The full text of the Gilmore Kean response is included at Exhibit E.

Dr. Clifford B. Janey, Superintendent, DCPS
OIG No. 05-2-09GA – Final Report
June 16, 2006
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We appreciate the cooperation extended to our staff during the audit. If you have questions, please contact William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charles J. Willoughby
Inspector General

CJW/lw

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**AUDIT OF THE DISTRICT OF COLUMBIA
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ACRONYMS

CY	Calendar Year
CAPPS	Comprehensive Automated Personnel and Payroll System
COBIT	Control Objectives for Information and related Technology
CDL	Commercial Driver's License
DCMR	District of Columbia Municipal Regulations
DCPS	District of Columbia Public Schools
DOT	DCPS Division of Transportation
DPM	District Personnel Manual
HR	Human Resources
OCFO	Office of the Chief Financial Officer
OIG	D.C. Office of the Inspector General
OPRS	Office of Pay and Retirement Services
PT	Payroll Technician
ST	School Timekeepers
TA	Transportation Administrator
TT	Transportation Timekeeper

AUDIT OF THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS OVERTIME

OVERVIEW

This report summarizes the results of the Office of the Inspector General's (OIG) Audit of the District of Columbia Public Schools Overtime (OIG No. 05-2-09GA). This audit was included in our *Fiscal Year 2006 Audit and Inspection Plan*.

The audit was initiated due to the concerns raised by an official from the Office of Pay and Retirement Services (OPRS), Office of the Chief Financial Officer (OCFO). Our audit objectives were to determine whether: (1) overtime payments were legitimate and adequately supported; (2) overtime payments complied with requirements of applicable laws, rules and regulations, policies, and procedures; and (3) DCPS implemented internal controls to ensure the overtime payments were processed in an efficient, effective, and economical manner. The audit covered overtime earned by DCPS employees and DCPS Division of Transportation (DOT) employees in calendar years (CY) 2004 and 2005. The DCPS DOT payroll process operates under different procedures than those in place at DCPS, and is under the control of a court-appointed Transportation Administrator.

CONCLUSIONS

This report contains two findings that detail the conditions found during the audit. The first finding disclosed that DCPS did not fully comply with all of the District's regulations governing processing employee overtime payments. Specifically, we found overtime payments that were: (1) made for hours worked when basic pay should have been paid while employees were on official leave or holiday; (2) not properly authorized; (3) not authorized in advance; (4) not recorded in the period in which the overtime was worked; and (5) lacking the required overtime request forms. Further, DCPS did not maintain all of the required documentation to support many of the overtime payments. We also found that DCPS has not maintained a current and accurate employee database, and had not charged appropriate funding codes (i.e., specific schools and departments) for overtime work performed. Finally, DCPS had not developed adequate written policies and procedures for processing payroll, and had not adequately trained employees involved in the payroll process. As a result, there were few internal controls in place to ensure that DCPS effectively and efficiently used overtime funds.

AUDIT OF THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS OVERTIME

The second finding disclosed that the DOT did not have adequate written policies and procedures to manage and administer payroll. Additionally, DOT timekeepers had not received adequate training and did not consistently use overtime request forms to ensure that overtime was approved in advance. The DOT also did not ensure that overtime payments made were always justifiable and fulfilled a necessary need. Incidental to our review, we found that the DOT did not maintain current Commercial Driver's License (CDL) information for all motor vehicle operators, and did not provide DOT employees with guidelines for properly safeguarding computer passwords.

SUMMARY OF RECOMMENDATIONS

We addressed eight recommendations to the Superintendent of DCPS to initiate the necessary actions to correct the deficiencies noted in this draft report. The recommendations requiring a management response center on:

- Developing and implementing an updated policies and procedures manual to include documenting the complete payroll process.
- Requiring periodic reviews of overtime processed by payroll technicians to ensure that supporting documents are attached to timesheets, and that overtime is adequately approved by supervisors in advance of work performed and paid within the current pay period.
- Developing and implementing controls to prevent DCPS employees from being paid overtime for hours worked when basic pay should have been paid while employees were on official leave or holiday, require that overtime is officially ordered and approved in advance of working, ensure official payroll documents are properly maintained and available for review, and ensure that overtime worked is properly charged to the correct funding codes.
- Validating the leave taken by DCPS employees who were paid overtime while on official leave or holiday and, as appropriate, recover funds estimated to be \$700.60 from these employees who earned overtime while on official leave or holiday.
- Providing training to payroll technicians, timekeepers, and authorizing officials to ensure adequate processing of regular time and overtime worked.

AUDIT OF THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS OVERTIME

We directed seven recommendations to the Superintendent, DCPS to coordinate with the Transportation Administrator for DOT to make the following recommended operational improvements:

- Develop and implement written policies and procedures that would document the entire payroll process to ensure that all timekeepers' job responsibilities and functional requirements are consistent.
- Establish internal controls to ensure that overtime requested is necessary and that overtime is not used to duplicate work and waste funds.
- Develop and implement a procedure to periodically verify that bus drivers have a valid CDL.
- Develop and implement policies and procedures for employee training and to ensure that all computer passwords are safeguarded.
- Establish a policy to periodically provide blanket overtime request forms to DCPS payroll technicians to ensure that DOT overtime is documented and approved in advance.

A summary of the potential benefits resulting from the audit is shown at Exhibit A.

CORRECTIVE ACTIONS

On May 31, 2006, the Superintendent of DCPS provided a written response to our draft report. DCPS concurred with the report, its conclusions and recommendations, and stated that DCPS takes the audit findings very seriously, and is committed to the resolution of these findings. We consider DCPS' comments and actions taken and/or planned to be responsive to our draft report. However, we request that DCPS provide additional details concerning corrective action plans to address the audit findings and recommendations in the draft report, and provide target completion dates for planned corrective actions. The complete text of DCPS' response is included at Exhibit D.

Although we did not address any recommendations specifically to the Transportation Administrator for DCPS, we received a response, dated May 30, 2006, from Gilmore Kean, LLC, which represents the Office of the Transportation Administrator. The Transportation Administrator disagreed with certain facts as presented in the report. Accordingly, we reexamined our facts and conclusions and determined that the report is fairly presented. In particular the draft report does not state that DOT operates a payroll system separate and apart from DCPS. The draft report provides that DOT must follow

**AUDIT OF THE DISTRICT OF COLUMBIA
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procedures in place at the DCPS payroll office for processing pay and overtime. The DOT has developed its own operating policies and procedure manual, dated February 2005, for the overall department. The full text of the Gilmore Kean response is included at Exhibit E.

INTRODUCTION

BACKGROUND

DCPS Payroll Office. The DCPS Payroll Office (payroll office) provides payroll services for all DCPS personnel assigned to the schools and those working at DCPS headquarters;¹ this includes teachers, teacher-aids, custodians, administrative staff, DCPS headquarters personnel, and the DOT employees.

The OCFO provides the payroll office with 13 employees who are responsible for processing payroll (timesheets) for the DCPS employees. At the time of our review, the regular payroll staff consisted of 1 payroll manager, 2 payroll supervisors, and 10 payroll technicians. All DCPS payroll and leave documents are processed using the Comprehensive Automated Personnel and Payroll System (CAPPS) on a bi-weekly basis and filed according to calendar year. The payroll process for DCPS personnel is shown at Exhibit B.

The audit was initiated due to concerns raised by an official from the Office of Pay and Retirement Services (OPRS) pertaining to the amount of overtime generated by DCPS employees. The amount of overtime paid by DCPS during fiscal year 2004 was \$6,594,850 and in fiscal year 2005 overtime amounted to \$5,777,792. The OPRS provided this Office with a list of 95 DCPS employees who earned over 500 hours of overtime in calendar year (CY) 2004. We focused our review efforts on DCPS support staff employees who received overtime in CYs 2004 and 2005.

DCPS Division of Transportation. DOT primarily provides transportation services to eligible special education students. This office is required to oversee, supervise, and direct all financial, administrative, and personnel functions for DCPS transportation operations, including payroll, labor relations, employee benefits, training, procurement, and facilities management.

During fiscal years 2005 and 2004, DOT paid overtime in the amounts of \$3,253,710 and \$3,763,288, respectively. DOT timekeepers also use CAPPS to process employee timesheets and leave requests on a bi-weekly basis. While DOT must follow procedures in place at the DCPS payroll office for processing pay and overtime, the DOT has developed its own operating policies and procedures manual, dated February 2005, for the overall department. The payroll process for DCPS DOT personnel is shown at Exhibit C.

¹ The DCPS administrative offices are located at 825 North Capitol Street N.W.

INTRODUCTION

OBJECTIVES, SCOPE, AND METHODOLOGY

The audit objectives were to determine whether: (1) overtime payments were legitimate and adequately supported; (2) overtime payments complied with requirements of applicable laws, rules and regulations, policies, and procedures; and (3) DCPS implemented internal controls to ensure that overtime payments were processed in an efficient, effective, and economical manner.

To accomplish our objectives, we analyzed payroll records and conducted interviews with DCPS personnel, including staff responsible for and involved in the payroll process. We also reviewed applicable laws and regulations, and examined the internal controls over the payroll process.

The absence of DCPS payroll records resulted in a delay of audit field work because more than half of the CY 2004 timesheet records were missing from the storage room where records were housed. We were informed that the majority of the payroll staff had been employed for less than a year and they could not provide an explanation for the missing documents. However, we were told that we could retrieve unofficial copies of the missing documents directly from the school or department where the employee was assigned. Therefore, we made appointments with each timekeeper and the authorizing official (school principal) at six schools and two departments to retrieve the missing documentation to complete our review. In our review of timesheets for CY 2005, we encountered similar problems with missing records.

We randomly selected a sample of 12 employees extracted from the list of 95 DCPS employees who earned over 500 hours of overtime in CY 2004. These 95 employees worked 68,149 hours of overtime, earning over \$1.8 million. The 12 employees selected for testing consisted of 8 DCPS employees (5-Custodians, 2-Boiler Plant Operators, 1-Industrial Equipment Mechanic), and 4 DCPS DOT employees (Motor Vehicle Operators). These 12 employees alone earned 13,996 hours of overtime totaling more than \$448,753 in CY 2004.

We randomly selected 3 timesheets from each quarter of CY 2004 (a total of 12 per employee) to determine if the information found on the timesheets complied with regulations, contained proper approvals, and were adequately documented and justified. We conducted identical tests on the same 12 employees in CY 2005. For CY 2005, we limited our test to one timesheet from each quarter (a total of four per employee) which were reviewed and analyzed for the same attributes.

INTRODUCTION

We analyzed the timesheet records for each employee in our sample to determine: (1) the total number of hours worked per day; (2) if basic pay was paid instead of overtime while on official leave or holiday; (3) if overtime was requested and approved in advance; and (4) if overtime was properly documented and paid for the period in which it was worked.

In addition to reviewing existing written policies and procedures, we conducted interviews to obtain an understanding of the DCPS payroll process. We interviewed DCPS employees and the timekeeper and authorizing official at each of the following schools: H.D. Cooke, Hendley, Payne, and Marie Reed Elementary Schools, Kramer and Sousa Middle Schools. We interviewed the Deputy Director of DCPS Human Resources and two senior staffing specialists. To complete our review, we visited DCPS DOT to retrieve missing timesheet documents. We also conducted interviews with the Transportation Administrator and other DCPS DOT personnel. Finally, we obtained information from the Department of Motor Vehicles to verify whether motor vehicle operators possessed valid CDLs, and the Department of Consumer and Regulatory Affairs to verify whether boiler plant operators possessed valid licenses.

We believed it was necessary to expand the scope of both the original number of employees reviewed and the period of review in order to ensure that: (1) all motor vehicle operators who received overtime were properly licensed to transport special needs children, and (2) boiler plant operators were properly licensed. Therefore, we expanded the scope from the original 4 motor vehicle operator employees in our sample to a total number of 39. We also expanded the scope from the two boiler plant operator employees in our sample to a total of seven on the original list. Finally, given the cost and duration of a long-term cleaning project, we reviewed the project to determine if the overtime was necessary and justified. The period of our review for this project spanned from March 2003 thru October 2005.

We did not completely rely on computer-processed data during this audit. However, we did rely on computer-processed data from CAPPS to provide us with detailed information for the 12 employees, each of whom earned in excess of 500 hours of overtime in CY 2004.

We addressed separate but similar findings regarding employee overtime to both DCPS and DOT management. However, we note that DOT is under the administrative control of a court-appointed Transportation Administrator and processes employee time in a different manner than DCPS.

This audit primarily covered overtime paid to selected DCPS employees during CYs 2004 and 2005. The audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary.

FINDINGS AND RECOMMENDATIONS

FINDING 1: DCPS OVERTIME PAYMENTS

SYNOPSIS

DCPS did not fully comply with all of the District's regulations governing the processing of employee overtime payments. Specifically, we found overtime payments were: (1) made for hours worked when basic pay should have been paid while employees were on official leave or worked on a holiday; (2) not properly authorized; (3) not authorized in advance; (4) not properly recorded for the period in which the overtime was worked; and (5) issued in the absence of required overtime request forms. Further, DCPS did not maintain all required documentation to support many of the overtime payments. We also found that DCPS had not maintained a current and accurate employee database, and had not charged appropriate funding codes (i.e., specific schools and departments) for overtime work performed. Finally, DCPS had not developed current written policies and procedures for processing payroll, and had not adequately trained payroll employees.

These conditions occurred because DCPS did not have adequate internal controls for processing overtime pay, and sufficient management oversight was not exercised to ensure that processing overtime was effective and efficient. Also, adequate written policies and procedures were not provided to payroll staff to ensure that there was a complete understanding of the payroll processes. As a result, there was no assurance that DCPS overtime payments were always valid, or that the overtime was needed to fulfill genuine work requirements.

DISCUSSION

We selected a sample of 12 employees for the audit that included the top 5 overtime earners. This finding addresses 8 of the 12 employees who earned overtime while working in the schools. Finding 2 will address the 4 remaining employees who earned overtime while working for the DCPS DOT. The current DCPS payroll process involves various employees such as timekeepers, payroll technicians, and school principals. Timesheets are printed and sent to the payroll office where they are sorted and distributed to the various schools and departments. Each employee's time is then verified and entered into CAPPS at the school or department where the employee is assigned. Finally, the timesheets are returned to the payroll office to be reviewed by the payroll technicians to ensure that the information is consistent with the entry into CAPPS. A flowchart describing the DCPS payroll process is included at Exhibit B.

FINDINGS AND RECOMMENDATIONS

Review of Overtime Payments. Our review disclosed that overtime payments were: (1) made for hours worked when basic pay should have been paid while employees were on official leave or worked on a holiday; (2) not properly authorized; (3) not authorized in advance; (4) not properly recorded for the period in which the overtime was worked; and (5) issued in the absence of required overtime request forms. The employees authorized to receive overtime are District Service employees. The eight employees earning the highest overtime included custodians, boiler plant operators, and industrial mechanics. Tables 1 and 2 below show the number of hours and the corresponding amount of overtime paid in CYs 2004 and 2005 under conditions inconsistent with rules and regulations. The totals on the CY 2005 table reflect that we reviewed 4 timesheets or one-third of the 12 documents that we reviewed in CY 2004.

Table 1. CY 2004 Overtime Paid to DCPS Employees.

Identified Overtime Problems	Hours	Amount
Overtime Paid instead of Basic Pay	82	\$700.60
Unsigned Overtime Request Forms	99	\$2,491.83
Overtime Not Approved Prior to Work	1,150	\$38,456.22
Overtime Not Paid in a Timely Manner	1,747	\$63,119.50
No Overtime Request Forms	1,096	\$40,809.31
Total	4,174	\$145,577.46

Table 2. CY 2005 Overtime Paid to DCPS Employees.

Identified Overtime Problems	Hours	Amount
Overtime Paid instead of Basic Pay	0	\$0
Unsigned Overtime Request Forms	21	\$528.57
Overtime Not Approved Prior to Work	587	\$19,169.42
Overtime Not Paid in a Timely Manner	142	\$3,796.33
No Overtime Request Forms	90	\$3,213.00
Total	840	\$26,707.32

FINDINGS AND RECOMMENDATIONS

Overtime Paid Instead of Basic Pay

Six DCPS employees received overtime payments when the hours worked should have been paid as basic pay. District Personnel Manual (DPM) Section No. 1132.2 *Premium Pay-Holiday Premium Pay* states:

An employee who performs actual work within the hours of his or her scheduled daily tour of duty on a day designated as a holiday . . . shall be entitled to pay at the rate of his or her rate of basic pay for the scheduled daily tour of duty plus premium pay paid at the employee's hourly rate of basic pay for each hour worked during the scheduled daily tour of duty.

Further, DPM Section No. 1138 *Overtime* states: "entitlement to overtime may be extended to any non-union Career Service employee at the CS-14 level or below, or equivalent, for hours of work authorized in excess of eight (8) hours in a pay status in a workday or in excess of forty (40) hours in a pay status in a workweek." Specifically, we found evidence that 6 of the 8 DCPS employees were paid overtime where basic pay should have been paid on the same day the employees were on annual leave or worked on a holiday.² A total of 82 overtime hours were compensated to DCPS employees who had taken annual leave or received holiday pay in CY 2004. The DCPS employees were paid \$700.60 over the amount for basic pay.

Although, CAPPS is programmed to convert overtime hours to the basic pay rate when annual, sick, and administrative leave is taken, this did not occur in the six instances noted above. In addition, the payroll technicians did not always properly record time because necessary overtime request forms did not always accompany timesheets in the proper pay period. The result was the incorrect payment of overtime where basic pay should have been charged.

Unsigned Overtime Request Forms

Our audit found evidence that overtime had been paid although the overtime request form had not been signed by an authorizing official. One of the 8 employees in our sample had 99 hours (\$2,491.83) of paid overtime in CY 2004, but the supervisor had not signed the overtime request form. In CY 2005, we found evidence that the same employee earned 21 hours of overtime, equaling \$528.57, without a supervisor's signature on the overtime

² We note that compensation for 8 hours of work performed on a holiday should have been paid at the employee's basic rate of pay, not the overtime rate. Further, the holiday premium should have been and was properly paid at the employee's basic rate of pay.

FINDINGS AND RECOMMENDATIONS

request form. DPM Instruction No. 11B-52 (4) (a) states: “[a]ll overtime work must be officially ordered and approved before it is performed.”

This condition occurred because payroll technicians did not always ensure that supporting documentation (i.e., leave slips and overtime request forms) was properly approved and submitted with the timesheets before the payroll was processed.

Overtime Not Approved Prior to Commencing Work

Our audit found that written supervisory approval authorizing employees to work overtime had not been obtained in advance. We were told that these employees had been verbally instructed to perform the overtime, as the authorizing official was not on the site where the overtime was worked.

Our audit disclosed that 6 of the 8 DCPS employees earned 1,150 hours of overtime in cases where authorizing officials signed the overtime request from 3 days to 2 weeks after the overtime was worked. These overtime hours resulted in \$38,456.22 in compensation paid out in CY 2004. During CY 2005, we found that 6 of 8 employees earned 587 hours of overtime in cases where authorizing officials signed the overtime request from 3 days to 2 weeks after the overtime was worked. These overtime hours resulted in \$19,169.42 in compensation paid. DPM Instruction No. 11B-52 (4) (a) states: “[a]ll overtime work must be officially ordered and approved before it is performed.”

Overtime Not Paid in a Timely Manner

DCPS overtime was paid in a period other than the pay period for which the work was performed. For 7 of the 8 DCPS employees reviewed in CY 2004, we found that 1,747 hours of overtime, totaling \$63,119.50, had been paid as many as 3 months after the overtime was earned. In CY 2005, we found 4 of the 8 DCPS employees we reviewed were paid \$3,796.33 for 142 hours of overtime that was paid in a period other than the pay period contemporaneous with the work. These late payments for overtime resulted from late supervisory approvals, which had been given 2 weeks to as many as 3 months after the overtime was worked.

No Overtime Request Forms

Our audit found DCPS employees were paid overtime, although no overtime request form had been submitted with the official timesheet. DPM Instruction No. 11B-52 (6) (a) (3) states: “[a]gency heads (or designees) are responsible for: Ensuring that any overtime work authorized in accordance with section 1138 of Chapter 11 of the regulations is officially ordered and approved before the work is performed, and that time and attendance records are properly documented.” Specifically, in CY 2004, there were

FINDINGS AND RECOMMENDATIONS

1,096 overtime hours paid to 7 of the 8 employees, totaling \$40,809.31. We could not verify these hours as being approved or necessary because supporting documentation was missing or not maintained in the files. In CY 2005, we found that 3 of the 8 DCPS employees were paid \$3,213 for 90 hours of overtime; however, we found no overtime request forms, to support the payments.

Our review revealed that the payroll office did not always require the submission of overtime request forms as supporting documentation with the timesheets. During our review, the payroll office issued a memorandum to require that all overtime request forms be submitted with timesheets, or the overtime would not be paid. The memorandum does not apply to the DOT employees who are under the administrative supervision of the Transportation Administrator.

Our review of the overtime process revealed additional deficiencies, such as an outdated DCPS personnel database, excessive workload for payroll technicians, missing payroll records and inadequate maintenance of payroll records, inadequate written policies and procedures, etc., which are discussed below.

Review of Funding Codes. Our review found that DCPS did not always charge the appropriate funding codes for overtime worked. We found over 50 instances in CY 2004 and 16 instances in CY 2005 where there were no funding codes included on the overtime request forms. Funding codes document the source of funding to pay for overtime worked by employees (i.e., an individual school's or department's budget, such as DOT). Additionally, we found that the overtime request forms that did include funding codes had not been entered into the payroll system or used at any point in the overtime payment process.

We found that custodians often work overtime at locations different from their normal duty locations. The timekeepers at their normal duty locations are responsible for processing all time, including overtime. The funding code designates the location where the overtime should be charged; however, the timekeepers that process timesheets for DCPS do not have access to input funding codes. Therefore, the funds are expended from the normal duty location as opposed to the location where the overtime was worked.

We interviewed the Controller at DCPS and the DOT Director of Budget and Finance, who both confirmed that the overtime funds had been expended from the wrong accounts. We also interviewed the payroll technicians and timekeepers who said they do not have access to enter the funding code in CAPPs. The Controller told us that the budget office was alerted, and he was informed that the office was in the process of making an adjustment to charge the proper accounts. Our review found that most of the overtime paid had not been paid from the proper funding source.

FINDINGS AND RECOMMENDATIONS

During an interview with the principal of an elementary school, we were provided with a letter requesting that the DCPS budget office refund \$16,125 to the elementary school's budget. We found that a custodian assigned to this school had worked overtime for DOT and not the school. Therefore, the overtime worked should have been charged to the DOT budget instead of the school budget. The funding code used to designate the appropriate category to be billed for the overtime had not been input into the payroll system. Accordingly, the individual school's budget was improperly charged for overtime worked elsewhere.

Outdated Personnel Database. Our review of payroll records disclosed that DCPS did not maintain an accurate employee database. We found that DCPS uses a pre-printed timesheet that is generated bi-weekly by the Enterprise Office³ to process payroll. Through observation and interviews, we discovered that many employees, who were deceased, transferred, retired, terminated, or no longer employed with DCPS, were either incorrectly listed at the wrong location or continued to be carried in the DCPS payroll system after separation.

Payment Process for Transferred DCPS Employees

We evaluated the DCPS process for certifying which DCPS employees are to be paid. The process begins when the timekeepers at the individual schools record time worked by each employee on the preprinted timesheets. To indicate if an employee was accurately listed on the timesheet, a check mark was placed beside the employee's name. If a name on the timesheet belonged to an employee who no longer worked at that location, the timekeeper drew a line through the name to indicate that pay should not be generated for that specific name. The employee's name would be manually added to the timesheet at the employee's current location.

Payment Process for Separated DCPS Employees

The certification process for separated DCPS employees is the same as that for those transferred, except the name would not be manually added to another pre-printed timesheet. We were told that many of the names that are regularly scratched off of the pre-printed timesheets are former DCPS employees who are separated from DCPS employment due to death, transfer, retirement, termination or attrition. Interviews with timekeepers revealed that many of the names continued to be scratched off, some for as many as 5 years.

³The Enterprise Office is the CAPPS headquarters for DCPS located at 410 E Street, N.W.

FINDINGS AND RECOMMENDATIONS

Human Resources (HR) Process to Update Employee Database

We found that use of the pre-printed timesheets containing relocated and former employees was prevalent throughout DCPS. Representatives from the HR office explained the informal process to have an employee removed from the DCPS database or have an employee's status changed within the DCPS database. The HR official provided the following steps for modifying employee information:

- Fill out a "Request for Employment Action." This was described as a form 52; however, this form is not labeled as such.
- Part 1: Filled out by the official at the school or department.
- Part 2: The form is forwarded to and filled out by a supervisor for approval.
- Part 3: The form is forwarded to and filled out by HR to fill in CAPPS related information.
- Part 4: The form is forwarded to and filled out by the OCFO for budget approval.
- The form goes back to HR to be entered into CAPPS.

We found that the above-described process was not being followed. We also found that there were no internal controls in place to ensure that these steps are followed, and that the process has not been documented as a written policy or procedure.

We inquired whether a payroll check could be generated for an individual who was transferred to another location, no longer employed by DCPS, retired, terminated, or deceased. Officials at OPRS confirmed that if an individual continues to be listed on the DCPS database and the name is not scratched off, a check could be generated for that individual.

Test of Duplicate Payments

We conducted a test of 30 names that were continuously scratched off on the pre-printed timesheets to determine if any transferred employees had been issued duplicate checks for CY 2004. Duplicate checks could be issued if an employee was listed on the pre-printed timesheet at one location without being scratched off and was then added to the pre-printed timesheet at the new location. Our test revealed that no one had received a duplicate check. Although our test did not result in finding that duplicate checks had been prepared, there are no controls in place to ensure that only current DCPS employees who are entitled to be paid for work performed receive payroll checks.

FINDINGS AND RECOMMENDATIONS

Payroll Technicians' Workload. An apparent, excessive volume of payroll records may be affecting the ability of the payroll technicians to review the records thoroughly and accurately. There are 10 payroll technicians who are responsible for reviewing timesheets that are processed by individual timekeepers at the schools and other departments within DCPS. The payroll technicians are responsible for ensuring that the timekeepers identify all employees for whom checks should be generated, as well as those employees (transferred and former) who should not receive a payroll check. Payroll technicians are also responsible for reviewing documentation for leave used or earned, overtime, and compensatory time used or earned.

We observed and conducted interviews with the entire payroll staff, which at the time of our review consisted of 1 payroll manager, 2 payroll supervisors, and 10 payroll technicians. We concluded that each payroll technician is responsible for about 1,200 employees on average. One payroll technician is responsible for more than 1,400 DOT employees. All of the payroll technicians stated that it is impossible to accurately review and process the timesheets under their purview.

As a result, the sheer volume of paperwork involved in processing DCPS employee timesheets could lead to inaccurate record keeping and significant errors. Table 3 below shows the volume of work for each payroll technician.

Table 3. Payroll Technician Workload		
Number	No. of Schools/Depts.	No. of Employees
1	27	1,397
2	25/Substitutes	1,126
3	Admin./Sec./Maint./Fac.	1,500
4	Retro Pay	0
5	27	1,165
6	29	1,210
7	27	1,260
8	28	1,385
9	DOT	1,422
10	Food Service	997
	Total	11,462

Missing and Maintenance of Records. The DCPS main payroll office did not have all documentation needed to support payroll or overtime for all 12 of the DCPS employees reviewed during our audit. We performed a review to determine if the payroll office maintained documentation for each pay period during CY 2004 for a total of 26 timesheets for each employee, and found that about half of the payroll records were missing from the payroll office storage area. Additionally, we found that about 23 percent (33 of 144) of the records in our sample were also missing from the payroll office

FINDINGS AND RECOMMENDATIONS

storage area. Our review of payroll records for CY 2005, which consisted of 1 timesheet for each quarter (a total of 4 timesheets per employee), revealed that 1 timesheet was missing for 4 of the 12 employees in our review. Specifically, more than 8 percent (4 of 48) of the sampled employees' timesheets were missing.

The file room where all payroll documents were stored remained unlocked and open to all staff, not just payroll staff. Additionally, there were no procedures to sign-out or remove documents from the file storage area. Our review of the file storage area found file boxes of records with no covers, and some boxes were broken, left open, or were incorrectly labeled. Interviews with the timekeepers and supervisors revealed that there were no management controls to ensure that there was any organized structure for maintaining payroll records.

We discussed the condition of the storage room and the missing records with DCPS management and were told that they were in the process of reorganizing the file storeroom; however, they had no knowledge that there were any missing documents. In order for us to complete our audit, we obtained copies of the missing records from the school locations where the employees were regularly assigned.

We visited 6 schools⁴ for 8 of 12 of the employees in our sample. We were able to obtain copies of the timesheets and other documents that were missing from the main payroll office. The fact that the main payroll office did not always maintain adequate documentation of payroll records leads us to conclude that payroll technicians did not always have the information necessary to perform an adequate review of payroll.

Written Policies and Procedures for Timekeepers/Payroll Technicians. DCPS did not have adequate written policies and procedures documenting the execution and administration of payroll/overtime operations. The DCPS payroll office provided auditors with a manual, dated September 1972, documenting the payroll process. In addition to being outdated, we found that the manual is not applicable to the payroll system currently in use.

Our interview with the payroll technicians and timekeepers (some employed for fifteen years or more) confirmed that there were no current written policies and procedures. However, we did note that there were written procedures for entering information into the CAPPS system. When a new employee is hired, they are trained or instructed by a current timekeeper or payroll technician.

⁴ The six schools visited were: Hendley Elementary School (ES), Kramer Middle School (MS), Sousa MS, H.D. Cooke ES, Marie Reed ES, and Payne ES.

FINDINGS AND RECOMMENDATIONS

We determined that adequate written policies and procedures are necessary to establish guidelines for personnel involved in the functions and activities related to the payroll office. These guidelines will ensure consistency among staff, provide clarity, define duties/responsibilities, and ensure uniformity of office processes.

Employee Training. DCPS payroll technicians, timekeepers, and authorizing officials had not received adequate training to provide them with the knowledge and skills required to maintain and support DCPS payroll operations. We found that DCPS had not provided standard organized training for those directly responsible for processing overtime (i.e., timekeepers, authorizing officials, payroll technicians). We also found that a majority of the DCPS payroll technicians and timekeepers had last taken a CAPPs training class about 2 years ago. We also noted that the current process is for timekeepers or payroll technicians to train new timekeepers and payroll technicians. DCPS management told us that they were discussing ways to implement some formal training. We believe that the lack of training may have affected the timekeepers' and payroll technicians' ability to efficiently and effectively manage payroll processing and timekeeping in general, including overtime.

Title 5 DCMR §1215.2, titled Employee Development and Training, states that, “[t]he Superintendent shall maintain programs for training and development of employees through planned courses, systems, or other instruction or education in fields that are or will be related to performance of official duties.”⁵

⁵ The positions reviewed in this report are filled by employees of the Board of Education. See Title 5 DCMR §1000.2

RECOMMENDATIONS

FINDING 2: DCPS DIVISION OF TRANSPORTATION OVERTIME
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SYNOPSIS

DCPS DOT, under the control of a court-appointed Transportation Administrator, did not ensure that overtime payments made were always justifiable and fulfilled a legitimate need, and did not develop formal written policies and procedures to manage and administer payroll. Additionally, DOT timekeepers had not received adequate training and did not consistently use overtime request forms to ensure that overtime was approved in advance. Incidental to our review, we found that DOT did not maintain current CDL information for all motor vehicle operators and did not provide DOT employees with guidelines for properly safeguarding computer passwords.

We attribute these conditions to insufficient management oversight and less than efficient and effective decisions in the use of overtime. As a result, there is no assurance that the use of overtime was always necessary or the best solution relative to performing identified work within DOT.

DISCUSSION

We found that 4 of 12 of the employees in our sample were DOT employees, specifically motor vehicle operators. The DOT payroll process is somewhat different from the DCPS payroll process and is subject to the control of a court- appointed Transportation Administrator.

Similar to DCPS, DOT employees' timesheets are submitted to the payroll office. Unlike the DCPS payroll process, DOT has five timekeepers that report directly to the DOT Director of Operations. These five timekeepers record each employee's time onto an Excel spreadsheet daily, upon receipt of the previous day's sign-in sheet from their assigned terminal. The Excel spreadsheet is submitted to the payroll office bi-weekly. The payroll process is described in detail in the flowchart contained at Exhibit C.

Written Policies and Procedures. DOT has developed a written policies and procedures manual, which includes specific information on the organization of the department, the duties of the Transportation Administrator (excerpted from the consent order), and the powers and authority of the Transportation Administrator (also excerpted from the consent order). According to the manual, DOT payroll falls under the jurisdiction of the Office of Finance and Budget section. Although the manual includes a section for Payroll Certification and Analysis (103.3), it only states: "[t]he Office of

RECOMMENDATIONS

Finance and Budget will conduct bi-weekly payroll certification and will conduct regular payroll analyses.”

We believe that the policies and procedures manual provides minimal payroll guidance and that DOT needs to develop adequate written policies and procedures documenting how payroll/overtime operations should be executed and administered. Adequate written policies and procedures are necessary to establish guidelines for personnel involved in the functions and activities related to the office, particularly when DOT hires individuals for its vacant positions. Additionally, written guidelines will ensure consistency among staff, provide clarity, define duties and responsibilities, and ensure uniformity of office processes.

Training. DOT timekeepers have not received adequate training to provide them with the knowledge and skills required to maintain and support effective reviewing, documenting, and entering of time. We found that DCPS provided no organized training for those directly responsible for processing overtime. The newest timekeeper, hired in January 2005, indicated that she was trained by a more senior timekeeper, but later discovered that key information had been left out of her training, which caused her to incorrectly process employees’ time. It is important for the DOT timekeepers to be as accurate as possible when processing employees’ time because there is only 1 payroll technician responsible for reviewing DOT timesheets for approximately 1,500 employees.

No Overtime Request Forms. Our review found that overtime was paid to DOT employees with no overtime authorization forms attached. We also found that 4 of the 12 employees in our review were DOT employees, who are not required to submit overtime request forms. DCPS management and DOT timekeepers revealed that an agreement was made between the payroll office and DOT that would eliminate the process to fill out or submit overtime request forms because bus drivers and attendants had overtime built-in to their work schedules based on assigned bus routes. Hence, we found that DCPS lacked supporting documentation of the overtime request form for approving overtime. Although a consent order grants the transportation administrator authority to establish personnel policies, it also states that the transportation administrator shall act in a manner consistent with the laws and regulations of the District of Columbia. Only if the laws and regulations prevent the transportation administrator from carrying out his duties and responsibilities may he petition the court to waive requirements imposed. *See Petties, et al. v. District of Columbia, et al.*, No. 95-0148 (PLF) (D.D.C. June 25, 2003)(consent order appointing transportation administrator).

RECOMMENDATIONS

Built-in-overtime is based on bus routes that require more hours to transport students than regularly scheduled hours. Built-in-overtime was instituted via a verbal agreement between the payroll office and DOT. There was no formal written instruction, and the verbal agreement was implemented to eliminate the large volume of paperwork that would be needed to document these overtime requests. To ensure that DOT employees have fair access to these overtime routes, DOT developed a Memorandum of Understanding with the Union to have these routes bid on twice a year.

During CY 2004, \$44,920 was paid for 1,422 overtime hours worked with no authorization forms attached. In CY 2005, \$19,686 was paid for 632 of hours worked with no overtime authorization forms attached. DPM Instruction No. 11B-52 (6) (b) (4) states: “[a]gency managers and supervisors are responsible for: [r]eviewing the time and attendance records to ensure that any overtime pay that is recorded was ordered and approved in writing by an authorized agency official.”

We believe that even though some DOT employees have built-in overtime, periodic written justification for the overtime should be provided to DCPS payroll technicians. This would comply with the DPM instructions to ensure that any overtime pay that is recorded was ordered and approved in writing. This could be accomplished on a bi-annual basis, through a blanket overtime request form listing the individuals who are to receive overtime daily.

Special Project. DOT did not ensure that overtime payments were always justifiable and fulfilled a legitimate need. Specifically, DOT did not ensure efficient and effective use of staff, overtime funds, or the procurement of outside contractors to resolve deficiencies resulting from custodians’ failure to consistently maintain adequate custodial services at the bus terminals. At the time of our review, the DOT maintained five bus terminals (large lots) that housed the DCPS school buses.⁶ On each lot there are 2 modular trailers that are used daily by as many as 800 employees, including terminal supervisors, staff, bus drivers, and bus attendants. The staff assigned to the terminals sign in and out for work shifts, and use the facilities for dining, restroom, and shift breaks during the terminal hours of operation, 5 a.m. to 7 p.m.

History of “Project Cleaning”

The Director of Budget & Finance/Chief Administration Officer for DOT explained that the five transportation terminals were supposed to be cleaned by the regular custodial staff on a daily basis. However, meetings with the Building Management Specialist revealed that due to a shortage of staff in CYs 2003 and 2004, a full-time custodian was not assigned to each terminal. Three custodians were assigned on a rotating basis to

⁶ During July 2005, one terminal was closed due to an expired lease.

RECOMMENDATIONS

clean the five bus terminals and the administration buildings. In addition, these custodians were used for emergencies and staff shortages throughout other DCPS buildings. At the terminals, the custodians were responsible for basic cleaning, such as trash removal, sweeping, mopping, cleaning bathrooms and replenishing supplies. However, the custodial services provided were unacceptable and DOT employees complained to the Transportation Administrator. The Transportation Administrator then complained to the Director of Facilities, after which overtime was authorized to maintain the terminals, and “Project Cleaning” began.

Duration of the Project

Our review of time and attendance records for 2 custodial employees revealed that more than 70 overtime request forms had been submitted throughout CY 2004. Upon further inquiry, we found that “Project Cleaning”⁷ had been in place since March 2003 and had continued regularly through October 2005. We determined this was not a project, as there was no projected outcome or end result planned, rather, it was an ongoing attempt to have the bus terminals cleaned during a staff shortage. We found that the overtime was authorized for primarily the same two custodians to travel between the terminals daily to deep clean the floors, which consisted of stripping and waxing floors. No routine maintenance of the terminals was conducted. The overtime was usually worked between 3 p.m. and 7 p.m., Monday thru Friday, and for up to 10 hours on Saturdays.

Project Overtime Amount

Transportation officials signed overtime request forms totaling more than \$96,000, although they never observed work being done. We interviewed all of the terminal managers and all agreed that the custodians working overtime (cleaning floors only) did not significantly assist in maintaining the daily overall cleanliness of the bus terminals. All of the managers stated that often they have had to empty the trash and replenish bathroom supplies. Table 4 below shows the amount of overtime money expended for the two employees working over a 3-year period on “Project Cleaning.”

Table 4. Overtime for “Project Cleaning”			
<u>Year</u>	<u>Employee 1</u>	<u>Employee 2</u>	<u>Grand Total</u>
2003	\$16,422.60	\$17,194.28	\$33,616.88
2004	\$21,497.20	\$26,651.72	\$48,148.92
2005	\$4,398.00	\$10,225.35	\$14,623.35
Totals	\$42,317.80	\$54,071.35	\$96,389.15

⁷ This statement was a blanket justification on the overtime request forms.

RECOMMENDATIONS

Outside Contractor

In March 2005, DOT entered into a contract valued at \$31,200 to provide janitorial services to the five bus terminals and two modular trailers. This contract includes quarterly stripping and waxing of the floors. As of May 2005, there were two full-time custodians assigned to each terminal for a morning and evening shift. However, we found that overtime for the two custodians to strip and wax the floors continued to be authorized twice a month. The synopsis below indicates the staff and outside contractor used to provide custodial services to maintain five bus terminals housing two modular trailers at each terminal.

During CYs 2003 and 2004:

- 3 DCPS Custodians on a rotating basis
- 2 DCPS Custodians paid overtime (6 days/week)

During CY 2005:

- 4 DCPS Custodians full-time (Day shift 9-6)
- 4 DCPS Custodians full-time (Evening shift 1-9)
- 2 DCPS Custodians paid overtime (2 days/week)
- Contract with outside cleaning company (\$31,200)

Although the court order authorizes the Transportation Administrator to make provisions to accomplish the goals of the DOT, we believe that the overtime payments were not a cost effective way to solve the cleaning and maintenance problems with DOT's bus terminals. We found that despite the excessive amount of overtime funds spent, the terminals were not properly cleaned, as indicated by terminal managers, and this was not an effective or cost efficient use of financial or human resources.

Licensing. DOT did not always maintain current CDL information for all motor vehicle operators. There were 39 motor vehicle operators who earned 500 hours or more of overtime in CY 2004. A review of the files revealed there was no evidence that seven of the motor vehicle operators had a valid CDL. We discussed the status of the 7 of the 39 employees with the Director of Operations, and he provided evidence of a valid CDL for 6 of the 7 motor vehicle operators. In addition, there was one driver who had his CDL medically disqualified for 4 months during our review. We inquired whether the employee continued to work and was paid during that 4-month period. The payroll technician for DOT confirmed that the employee was paid during this period. We found that DOT does not monitor the status of the motor vehicle operators' licenses in a thorough and systematic manner, and does not conduct current reviews of the status of their CDLs.

RECOMMENDATIONS

Title 18 DCMR §1305.1 requires District residents who operate a vehicle designed to transport more than 15 people to possess a valid CDL. Current DOT procedures require that a motor vehicle operator is required to provide proof of a valid CDL only: (1) when initially hired; and (2) when required to renew a soon-to-be expired CDL.⁸ This practice places the District at risk for non-compliance and liability. We believe that DOT should implement a policy to review CDLs for motor vehicle operators on a continual basis, such as randomly checking the CDL status of a specific number of employees on a sample basis every 6 months.

Computer Security. Our review found that all computer passwords are not adequately segregated at DOT. During interviews, all the DCPS DOT timekeepers said they are authorized to use the CAPPs system; however, one timekeeper informed auditors that their password expired more than a year ago and they have been using another timekeeper's password to access CAPPs. They stated that the individuals responsible for maintaining passwords were informed of this situation; however, new passwords had not yet been issued.

According to Control Objectives for Information and related Technology (COBIT), section 5.5 states "management should have a control process in place to review and confirm access rights periodically. Periodic comparison of resources with recorded accountability should be made to help reduce risk of errors, fraud, misuse, or unauthorized alteration."

⁸ CDLs are issued at 5-year intervals.

RECOMMENDATIONS

RECOMMENDATIONS: FINDING 1

We recommend that the Superintendent, District of Columbia Public Schools:

1. Develop and implement an updated policies and procedures manual, to include documenting the complete payroll process.
2. Require periodic reviews of overtime processed by payroll technicians to ensure that: supporting documents are attached to timesheets; overtime was adequately approved by supervisors in advance of work performed; and overtime was paid for the appropriate time period during which the hours were worked.
3. Develop and implement controls to prevent DCPS employees from being paid overtime instead of basic pay while on official leave or working on a holiday by requiring that payroll technicians only process overtime in the week overtime was worked and when they possess all payroll documents, such as leave slips, comp-time records, and overtime records.
4. Validate the overtime pay received by DCPS employees who were paid overtime while on official leave or working on a holiday, when basic pay should have been paid, and recover funds estimated to be \$700.60 from these employees who earned overtime in these circumstances.
5. Develop internal controls to require that overtime is officially ordered and approved in advance of working, in accordance with DPM regulations.
6. Improve internal controls over the maintenance of payroll records to ensure official payroll documents are properly maintained and available for review by:
 - a. creating policies and procedures for maintaining payroll records in the updated policies and procedures manual;
 - b. limiting access to payroll records to authorized individuals only;
 - c. establishing sign-in/sign-out sheets for documents removed from payroll records storage;
 - d. storing and labeling payroll records in secure containers; and

RECOMMENDATIONS

- e. developing a procedure, such as a check-list sheet to validate that complete payroll records have been submitted to payroll technicians prior to processing payroll.
- 7. Provide training to payroll technicians, timekeepers, and authorizing officials to ensure adequate processing of time and overtime worked.
- 8. Identify and implement controls to properly charge correct funding codes for overtime worked, and identify and make journal entries to correct charges for overtime previously charged incorrectly to schools and departments.

RECOMMENDATIONS: FINDING 2

We recommend that the Superintendent, District of Columbia Public Schools coordinate with the Transportation Administrator for DOT to make the following recommended operational improvements:

- 9. Improve written policies and procedures to provide detailed guidelines that will provide the necessary steps and processes for documenting employee time worked.
- 10. Develop and implement training policies and procedures, such as a manual that would document the entire payroll process, to ensure that all timekeepers' job responsibilities and functional requirements are consistent.
- 11. Develop and implement a policy to periodically provide overtime request forms to DCPS payroll technicians documenting the use of DOT overtime for employees that have overtime established in their daily duties.
- 12. Develop and implement a policy to ensure that all computer passwords are safeguarded, unique for all employees, and maintained and updated on a continual basis.
- 13. Establish internal controls to ensure that overtime usage is necessary and to avoid overtime usage that results in a duplication of work and wasted funds.
- 14. Determine whether additional services are needed before entering into contracts with vendors to perform services when services could be provided by in-house staff.

RECOMMENDATIONS

15. Develop and implement a policy to periodically review CDLs for motor vehicle operators on a continual basis, such as randomly checking the status of a specific number of CDLs every 6 months.

DCPS RESPONSE TO RECOMMENDATIONS

The Superintendent, District of Columbia Public Schools, concurred with the conclusions and has planned and taken actions to correct the noted deficiencies. The full text of DCPS' response to our report is included at Exhibit D.

OIG COMMENT

We consider actions taken or planned by DCPS to be responsive to our report recommendations.

**EXHIBIT A. SUMMARY OF POTENTIAL BENEFITS
RESULTING FROM AUDIT**

Recommendation	Description of Benefit	Amount and Type of Benefit	Status⁹
1	Internal Control. Establishes formal written policies and procedures to manage and administer the payroll process.	Non Monetary.	Open
2	Internal Control. Establishes controls over processing overtime to ensure that all documentation is provided to ensure that the overtime was adequately approved and paid within appropriate pay periods.	Non Monetary.	Open
3	Internal Control. Develops and implements controls to prevent DCPS union employees from receiving overtime pay instead of straight-pay while on official leave or working on a holiday.	Non Monetary.	Open
4	Economy and Efficiency. Recovers funds from DCPS employees who received overtime pay instead of basic pay while on official leave or working on a holiday.	Monetary. \$700.60.	Open
5	Compliance and Internal Control. Requires that overtime is officially ordered and approved in advance.	Non Monetary.	Open
6a	Internal Control. Provides employees involved in the payroll process with current policies and procedures.	Non Monetary.	Open
6b	Internal Control. Provides assurance that only authorized individuals have access to payroll records.	Non Monetary.	Open

⁹ This column provides the status of a recommendation as of the report date. For final reports, “**Open**” means management and the OIG are in agreement on the action to be taken, but action is not complete. “**Closed**” means management has advised that the action necessary to correct the condition is complete. “**Unresolved**” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

**EXHIBIT A. SUMMARY OF POTENTIAL BENEFITS
 RESULTING FROM AUDIT**

Recommendation	Description of Benefit	Amount and Type of Benefit	Status⁹
6c	Internal Control. Establishes documentation of removal of payroll records from the storage area.	Non Monetary.	Open
6d	Internal Control. Ensures that payroll records are stored in containers to provide easy access and identification of records when needed.	Non Monetary.	Open
6e	Internal Control. Provides assurance that only complete payroll records are filed and stored.	Non Monetary.	Open
7	Compliance and Internal Controls. Establishes policies to ensure that all employees that are involved in the payroll process are adequately trained.	Non Monetary.	Open
8	Internal Control and Economy and Efficiency. Ensures that overtime is charged to the corresponding location where overtime was worked.	Non Monetary.	Open
9	Internal Control. Establishes internal controls by developing an internal policies and procedures manual documenting DOT's payroll process.	Non Monetary.	Open
10	Internal Control. Establishes assurance that all DOT payroll employees will be trained and will function in a uniform manner.	Non Monetary.	Open
11	Compliance and Internal Control. Ensures that DOT process will be in accordance with governing criteria that requires submission of approval documentation to DCPS payroll technicians before overtime is processed.	Non Monetary.	Open

**EXHIBIT A. SUMMARY OF POTENTIAL BENEFITS
 RESULTING FROM AUDIT**

Recommendation	Description of Benefit	Amount and Type of Benefit	Status⁹
12	Internal Control. Provides policy that all computer passwords are safeguarded and will be periodically changed.	Non Monetary.	Open
13	Internal Control and Economy and Efficiency. Provides assurance that granting overtime is necessary and is not a duplication of services.	Non Monetary.	Open
14	Internal Control and Economy and Efficiency. Establishes controls to ensure that contracted services are not sought when services can be provided by in-house staff.	Cost Avoidance. \$31,200	Open
15	Compliance and Internal Control. Ensures that DOT requires employees to maintain a valid CDL.	Non Monetary.	Open

EXHIBIT B. PAYROLL PROCESS FOR DCPS PERSONNEL

PAYROLL PROCESS FOR DCPS PERSONNEL

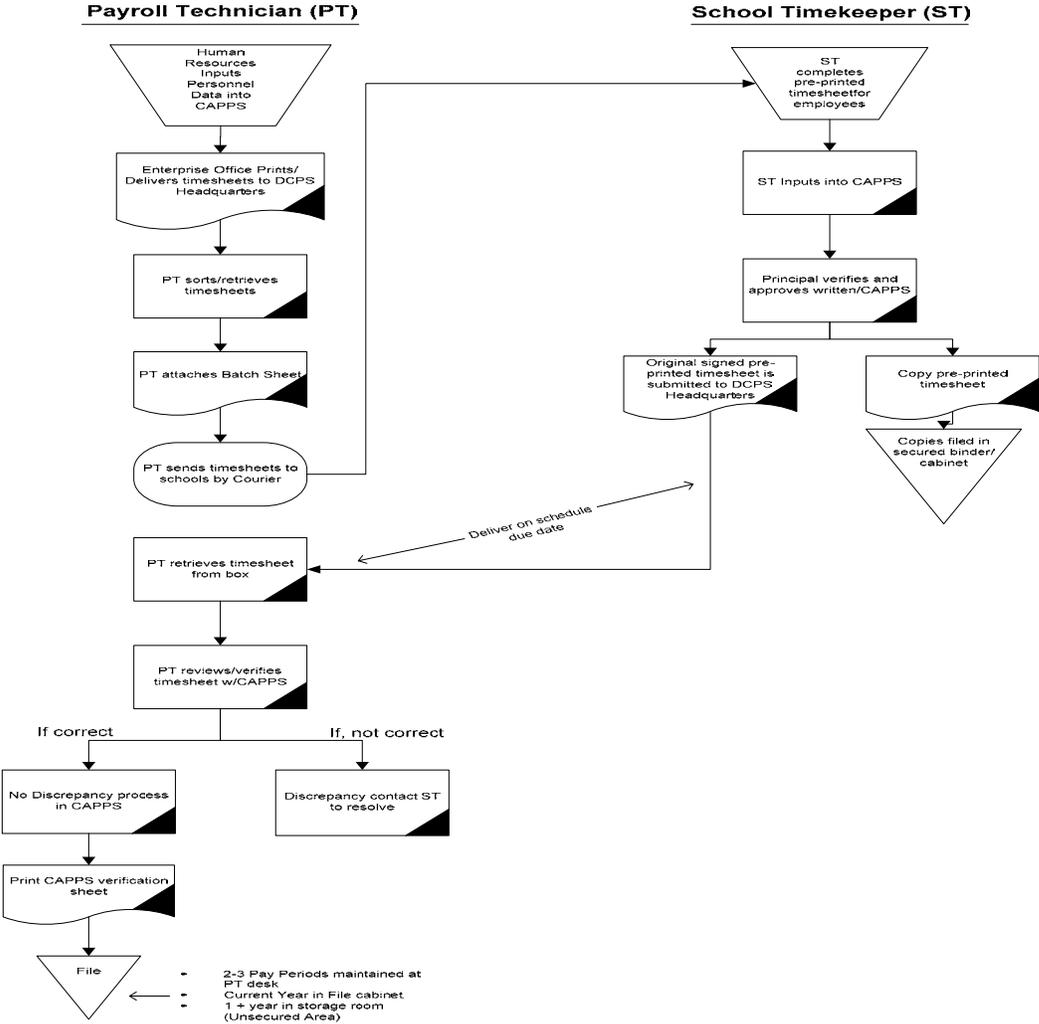


EXHIBIT C. DCPS DOT PAYROLL PROCESS

DCPS DOT Payroll Process

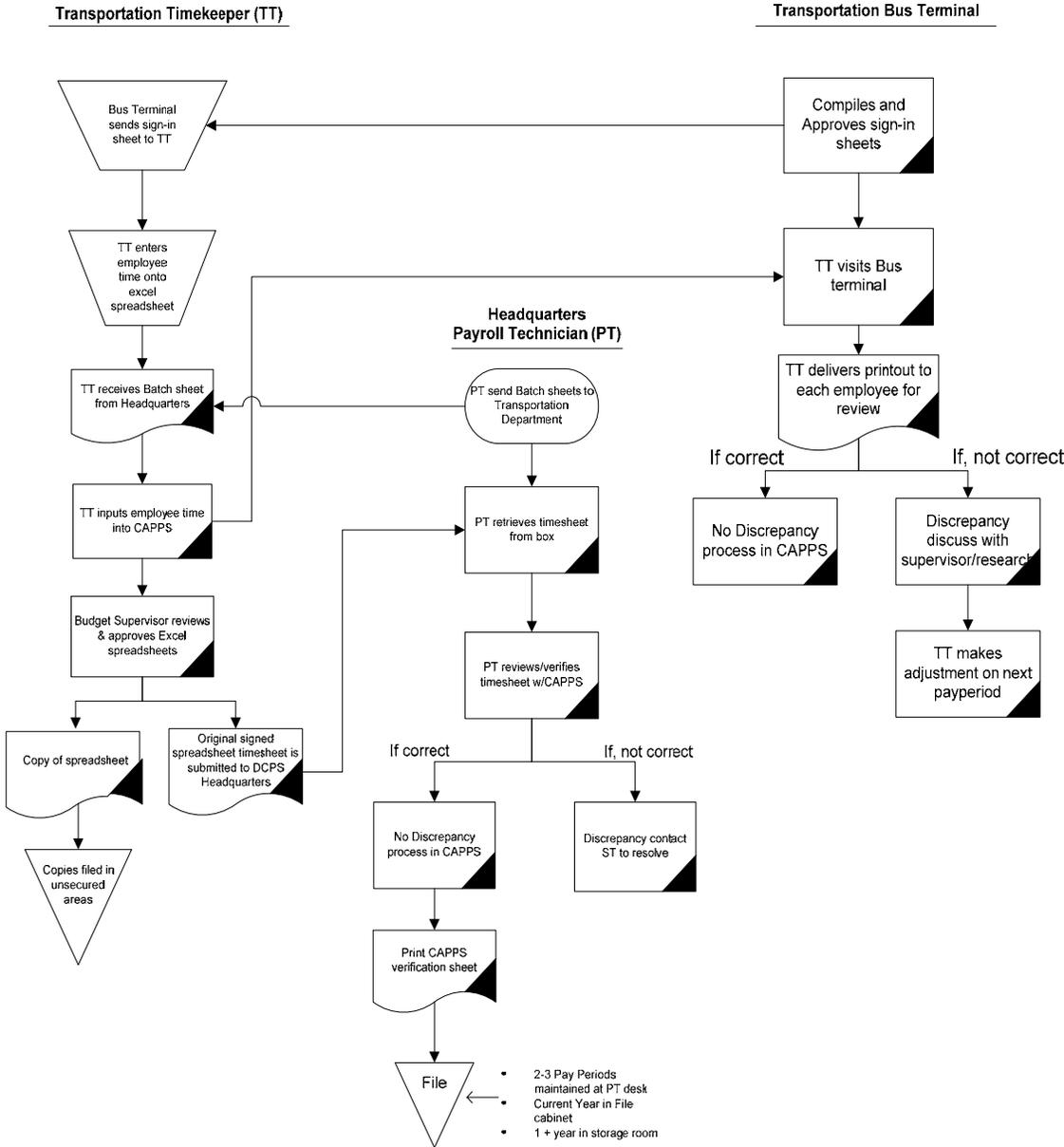


EXHIBIT D. SUPERINTENDENT DCPS RESPONSE TO DRAFT REPORT



DISTRICT OF COLUMBIA PUBLIC SCHOOLS

OFFICE OF THE SUPERINTENDENT
825 North Capitol Street, NE, 9TH Floor
Washington, D.C., 20002-1994
(202) 442-5885 – fax: (202) 442-5026

May 31, 2006

Mr. Charles J. Willoughby
Inspector General
Government of the District of Columbia
717 14th Street, N.W.
Washington, DC 20005

Dear Mr. Willoughby:

This letter is in response to your request related to DCPS' comments to address the draft findings and recommendations relative to the Overtime Audit No. 05-2-09GA that the OIG recently conducted.

The District of Columbia Public Schools (DCPS) views all factual audit findings and recommendations as an opportunity for continued improvement. DCPS takes the audit findings very serious, and is committed to the resolution of those findings.

We are currently developing detailed corrective action plans to address the audit findings and recommendations offered in the audit. As recommended in the audit, I am working closely with the DCPS OCFO and Mr. David Gilmore, Transportation Administrator in the development of those corrective action plans. Prior to and during the course of this audit, I have been working closely with the DCPS CFO on many of the issues raised in the audit.

In order to strengthen the internal controls, the DCPS/OCFO has already developed a coordinated set of policies and procedures that includes overtime approval.

1. Central Investment Fund (CIF) funds
2. Student Activity Fund (SAF) funds
3. Petty Cash funds
4. Impress Funds
5. Invoice tracking
6. Review and approval of journal entries
7. Travel
8. Overtime approval
9. Direct voucher
10. Accounting and reporting data gathering.

"DCPS: Success, One Student at a Time"

EXHIBIT D. SUPERINTENDENT DCPS RESPONSE TO DRAFT REPORT

Mr. Charles J. Willoughby
May 31, 2006
Page 2

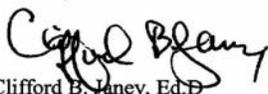
DCPS/OCFO has also implemented a comprehensive framework of internal controls that allows management to attain its objectives and meet its responsibilities. The controls we have put in place possess the following elements:

1. Favorable control environments
2. On-going risk assessments
3. Control-related policies and procedures
4. Effective communication of information
5. Monitoring the effectiveness of internal controls and the resolution of potential problems identified by those controls.

The DCPS has also just completed a Payroll Audit conducted by KPMG. We anticipate the final results very soon and will also incorporate any recommendations from that audit in our corrective action plans.

As superintendent, I remain committed to reconcile these and other long standing systemic issues that the school system has been experiencing for a number of years.

Sincerely,


Clifford B. Janey, Ed.D
Superintendent

CBJ:jm

Cc: Dr. Robert C. Rice, Special Assistant to the Superintendent
Mr. John Cashmon, Director of Compliance

"DCPS: Success, One Student at a Time"

**EXHIBIT E. OFFICE OF THE TRANSPORTATION
ADMINISTRATOR RESPONSE TO
DRAFT REPORT**



GILMORE KEAN, LLC
OFFICE OF THE TRANSPORTATION ADMINISTRATOR

May 30, 2006

Charles J. Willonghby
Inspector General
Office of the Inspector General
717 14th Street, N.W.
Washington, DC 20005

Dear Mr. Willonghby:

Enclosed is the response to the Inspector General's *Audit of the District of Columbia Public Schools Overtime* (OIG No. 05-2-09GA) sent on behalf of the Transportation Administrator.

If you have any questions regarding this response, please contact me on (202) 576-5566.

Sincerely,

A handwritten signature in black ink, appearing to read "Leslie Dews".

Leslie Dews
Assistant Transportation Administrator

Enclosure

EXHIBIT E. OFFICE OF THE TRANSPORTATION ADMINISTRATOR RESPONSE TO DRAFT REPORT

OIG No. 05-2-09GA
Response to Draft Report-Transportation Administrator

FINDING 2: DCPS DIVISION OF TRANSPORTATION OVERTIME

Synopsis

Since July 2003, the District of Columbia Public School's Division of Transportation (DOT) has been under the authority of the Court Appointed Transportation Administrator. The auditor's overall finding that there was insufficient management oversight and less than efficient decisions in the use of overtime that lead to the conditions identified requires clarification that we provide in the following response.

We disagree with the auditors finding that DOT operates a payroll system independent of DCPS. Contrary to the auditor's assertion, DOT does not operate its own payroll system under policies and procedures separate from DCPS. In accordance with the June 2003 Order establishing the independent Transportation Administrator, DOT receives ancillary services (e.g., payroll, procurement, human resources, and information technology) from supporting DCPS departments and follows established policies and procedures. In particular, the payroll process is managed and administered by the DCPS Office of the Chief Financial Officer (OCFO) and DOT complies with policies and procedures governing the payroll process. Further, the provision of all training and computer security procedures associated with the payroll is performed by the OCFO.

The DOT is responsible for maintaining updated records and information associated with driver licensing. Additionally, DOT maintains records of its labor work hours, overtime hours and the justification thereof. Those issues are discussed in detail in the sections below.

Written Policies & Procedures

As stated above, DOT does not operate a payroll system separate and apart from DCPS. All policies and procedures for processing and reporting payroll are established by the OCFO. In terms of overtime, during Fiscal Year 2004, DOT provided all management and staff with a copy of the overtime policy, which clearly defines which activities qualify for overtime (emergency and non-emergency), how the justification of overtime must be documented, and who has the authority to approve overtime.

During Fiscal Year 2005, the DOT operating policies and procedures manual was updated to reflect changes implemented by the Transportation Administrator for overall DOT operations. The auditor is correct in identifying that the manual identifies the DOT Finance and Budget Office as responsible for payroll and performs certification and analyses of the payroll. However, the manual does not specifically detail a separate payroll process because DOT follows DCPS payroll procedures. Prior to the beginning of the 2006/2007 school year, the policies and procedures manual will be updated to include changes since the last update. Where appropriate, more

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detailed and specific duties and responsibilities related to overtime and other areas of operation will be included.

Training

Training provided to DOT timekeepers associated with documenting and entering time, including training on the CAPPs system, is provided by the OCFO. Likewise, the assignment of one payroll technician to review DOT timesheets is a management decision made within the OCFO.

DOT did, however, provide timekeepers training on the overtime policy in Fiscal Year 2004. We will ensure that all timekeepers receive a refresher course on the overtime policy. Further, all labor reports produced by the timekeepers are reviewed and certified by DOT's Finance and Budget Office personnel to ensure accuracy.

Overtime Request Forms

The current DOT overtime policy requires authorized managers to, approve in advance, and document the justification for all overtime granted to all DOT employees on the Overtime Authorization Form. Due to the specific nature of special needs transportation services, overtime cannot always be approved in advance (e.g., traffic situations, accidents, medical emergencies, etc.). However, where foreseeable, all overtime is required to be approved in advance by management. Additionally, given the number of routes that operate outside of the District of Columbia because of DCPS placement decisions, some routes have "built in" overtime because they extend beyond the tour of duty for drivers and attendants. These routes are identified by the DOT Routing and Scheduling Department based on computer generated information that identifies how long the route will take to operate. All applicable routes are coded on the timesheets for pre-approved overtime, with the amount of overtime required also documented on the timesheet to provide justification.

The volume of paperwork generated from the aforementioned occurrences was found to be overwhelming, therefore, the sign in/sign out sheet for drivers and attendants was amended to include a column to allow managers to justify overtime on the actual timesheet, rather than on the Overtime Authorization Form. These timesheet overtime notations are approved and certified by terminal managers daily. All other overtime (central office and terminal staff), is documented on the Overtime Authorization Form.

For all overtime incurred by a DOT employee, managers are required to provide written justification on either the Overtime Authorization Form or the sign in/sign out sheet. The auditor's finding that there were a number of overtime hours that were not justified due to lack of overtime authorization forms may be addressed by an examination of sign in/sign out sheets.

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Beginning in fiscal year 2005 overtime worked by DOT employees is reviewed internally by the DOT Budget and Finance Office for compliance with the DOT overtime policy.

Special Project/Project Cleaning

The cleaning services and project associated with cleaning and stripping of floors at DOT terminals predates the arrival of the Transportation Administrator. The overtime referenced by the auditor was paid to Office of Facility Management (OFM) employees. As such, OFM management is responsible for allocating resources to ensure appropriate cleaning of DCPS facilities as well as documenting the justification for all related overtime expenditures. An OFM manager identified all available resources with the expertise to provide the needed service. The OFM manager also approved and documented the justification for all overtime expenditures associated with the terminals on the time sheets submitted for payment.

The DOT provided funding for all overtime that was related to cleaning the terminals, primarily for the striping and waxing of the floors. The need for the services was driven by the hours of operation of each terminal and the amount of employees and traffic at terminal locations that resulted in extensive "wear and tear" on the five terminal facilities. The overtime was funded by DOT because OFM management communicated that there was a shortage of staff available to provide the necessary cleaning and janitorial services required to maintain safe and clean working conditions for DOT employees at the terminals.

The DOT used janitorial and cleaning services provided by OFM at the terminal locations for a period over one year after the Transportation Administrator's arrival. We found that OFM simply could not provide adequate and cost-effective cleaning services to support operations at DOT terminals. The issues and problems associated with janitorial and cleaning services provided by OFM has been well documented and included in the six-month reports submitted by the Transportation Administrator to the Court.

The DOT management made the decision that the quality of services would be improved and that it would be more cost effective to outsource terminal cleaning services. DOT notified the OFM that the overtime was no longer required and according to DOT records overtime ended in February, 2005. An independent contractor began to provide cleaning and janitorial services in March, 2005. From that point, staff from OFM only stocked equipment and supplies at terminal locations and provided trash collection services. The allocation of OFM staffing resources beyond February 2005 was at the sole discretion of OFM.

Licensing

DOT does maintain a database of current DOT Motor Vehicle Operators. It is reviewed weekly and notices are sent to the employees, sixty (60) days in advance, informing them of their impending CDL expiration.

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The CDL renewals in question by the auditor that were not located during the audit were subsequently located and forwarded to the auditors, within a few days after notification, as confirmation of their existence and compliance. Further, a driver with a CDL that has been medically disqualified for a short period of time may still report to work until the issue is resolved. In some cases, drivers under these circumstances may work in another capacity until the situation is adequately addressed.

Computer Security

The CAPPS system used to process all DCPS payroll is maintained by the OCFO. Accordingly, training, password security, and maintenance activities are provided by the OCFO. The DOT has, however, developed a general IT policy that incorporates security measures. This policy will be included in the revisions to the Operations Procedures Manual that will be completed by September 2005. All staff will receive a copy of the policy.