



State of Delaware
Office of Auditor of Accounts
Kathleen K. McGuinness, RPh, CFE

Working Hard to Protect YOUR Tax Dollars

Inspection

School District Overtime: Internal Control Weaknesses

June 10, 2019

This engagement analyzed overtime payments for school district and charter schools. We found internal control exceptions for 64% and 60% of the payrolls we inspected for Fiscal Years 2016 and 2017, respectively. We found the districts were using a variety of methods, from automated to manual, to track and approve overtime hours.

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Abbreviations

DSC	Data Service Center
eSTAR	employee State Time and Attendance Reporting
FMLA	Family Medical Leave Act
NCCVT	New Castle County Vocational Technical
PHRST	Payroll/Human Resource Statewide Technology

The mission of the Delaware Office of Auditor of Accounts

The Delaware Auditor of Accounts serves Delawareans by ensuring accountability in the use of taxpayer dollars through independent assessments of financial operations, performance management and statutory compliance of state government.

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Executive Summary

Background

Paraprofessionals, custodians, and cafeteria staff earn overtime pay. Teachers and school district administrators do not earn overtime because they are considered exempt employees. Exempt employees are those who received an annual salary rather than an hourly wage. During Fiscal Years 2016 and 2017 the school districts and charter schools paid approximately \$4.6 million and \$5.5 million in overtime pay, respectively. The top 50 overtime earners earned approximately \$800,000 and \$1.0 million in overtime for 2016 and 2017, respectively.

What We Found

We tested 204 payrolls in 2016 and found that 130 of the timesheets selected contained internal controls exceptions. For Fiscal Year 2017, we tested 206 timesheets and found 124 of the timesheets selected contained internal control exceptions. In some of these instances, there was no support for the overtime pay included in the payroll period.

We found that the districts used a variety of manual methods to track and approve overtime. The manual processes included reliance on the employee's self-reported hours, or paper punch systems that are manually calculated by the employee or supervisor.

Three districts that we tested were using a somewhat-automated method of tracking and approving overtime hours. The Christina, Red Clay, and Colonial School Districts use the Data Service Center (DSC) timekeeping application. The DSC is a non-profit state agency which provides technological support for many aspects of school administration. The DSC allows the district to track overtime hours either in manual timesheets, comment boxes within the application, or transportation payroll reports to serve as support for hours worked. The DSC application does not interface with the State's payroll system; therefore, these payroll records must be manually entered into the State's system.

Recommendations

Automated Timekeeping System

A universal automated timekeeping system, such as the Employee State Time and Attendance Reporting (eSTAR) system, should be utilized by all school districts. The benefits discussed with the eSTAR team include:

- Consistency in time and attendance reporting and approval, resulting in reliable data across all districts to allow management to perform analyses to identify errors or risks;
- The system will identify instances of overtime and prompt the employee's supervisor for approval;
- Total hours worked are automatically calculated based on times reported;
- The ability to create guidelines surrounding the use of earncodes;
- The ability for employees to select the funding source for time worked based on assignments;
- A system generated financial reporting package;
- A Family Medical Leave Act (FMLA) component to automatically request and track FMLA time off; and
- The elimination of manually entering payroll records each pay period through eSTAR's interface with Payroll/Human Resource Statewide Technology (PHRST).

The school districts should research the benefits and costs of this system and work with the eSTAR and PHRST teams to discuss the options available.

Supervisory Review of Timesheets

School districts should ensure that employees responsible for reviewing timesheets are properly trained and understand the importance of the accuracy of this review. The school districts should also consider sharing best practices and common timesheets errors with employees to ensure supervisors are aware of common mistakes (e.g. the incorrect calculation of hours) and are diligent in ensuring all timekeeping records are accurate before approval.

Next Steps

Our inspection report was shared with the Appoquinimink, Cape Henlopen, Capital, Christina, Colonial, Lake Forest, New Castle County Vocational Technical, Red Clay, and Smyrna School Districts. See Appendix C for the responses received.

Background

School Districts

During Fiscal Year 2018, there were 19 public school districts and 25 charter schools in the State of Delaware (State) located across New Castle, Kent, and Sussex counties. Each school district and charter school receives funds from a variety of sources including federal grant funding, State funding, local funding, and other sources (e.g. student activity).

School District and Charter School Overtime

Although school districts and charter schools receive state funding, they are not held to the same personnel requirements as other State departments. According to 29 Del. C. §5903 (12), school district and charter school employees are excluded from the State’s Merit System of Personnel Administration, and are therefore, not required to abide by the State’s Merit Rules specific to overtime.

14 Del. C. §1304 states, “Nothing contained in this chapter shall prevent any local board from paying an additional amount of salary to any employee when such additional amount is derived from local funds or from Division III appropriations.” Therefore, school districts may use either local funds or Division III funds to cover overtime payments.

The State’s Budget and Accounting Manual requires school districts and charter schools to have policies in place to monitor the preapproval of overtime.¹ Additionally, Office of Management and Budget’s Budget Development and Planning Administration section performs an analysis of agency payroll expenditures for all agencies receiving funding through Section 1 of the Annual Appropriations Act (Budget Bill). This analysis includes school districts and charters schools; however, the analysis is performed at the appropriation level so it only provides an overview of payroll expenditures and may not identify overtime expenses.

In Fiscal Years 2016 and 2017, the school districts and charter schools paid \$4.6 million and over \$5.5 million in overtime pay, respectively. The top 50 overtime earners earned approximately \$800,000 and \$1.0 million in overtime for 2016 and 2017, respectively.

¹ State of Delaware Budget and Accounting Manual Section 14.2.1, v.1.1

Report Details

This inspection on school district and charter school overtime is the final installment of our overtime review for Fiscal Year 2016 and Fiscal Year 2017. Our prior reports, Department of Corrections Overtime Analysis Inspection, Statewide Overtime Inspection, and Inequalities in School District Overtime Calculations, were issued on May 22, 2017, October 31, 2018, and March 11, 2019, respectively, and are available on our website.

In Fiscal Year 2016², the school districts and charter schools paid employees over \$4.6 million in overtime with that total increasing by approximately \$1.0 million to approximately \$5.5 million during the Fiscal Year 2017. Table 1 below shows overtime spending by district and charter school.

We identified the top 50 earners of overtime from all school districts and charter schools for Fiscal Years 2016 and 2017. A complete list of the top 50 overtime earners in Fiscal Years 2016 and 2017 can be found in Appendices A and B.

Table 1: Overtime by District/Charter School³		
Department	Overtime	
	Fiscal Year 2016	Fiscal Year 2017
Christina School District	\$ 1,535,158	\$ 2,190,730
Red Clay School District	875,992	825,307
Colonial School District	507,675	507,293
New Castle County Vocational Technical (NCCVT) School District	320,773	312,747
Brandywine School District	311,941	354,580
Cape Henlopen School District	297,240	340,151
Appoquinimink School District	236,441	361,024
Capital School District	232,072	214,113
Smyrna School District	149,427	170,227
Lake Forest School District	74,035	64,412
Milford School District	24,036	28,610
Polytech School District	15,250	17,840
Newark Charter School	11,376	14,868
Caesar Rodney School District	9,134	16,540
East Side Charter School	7,885	10,227
Academy of Dover Charter School	5,526	6,479
MOT Charter School	3,074	6,564
Gateway Lab School	931	1,309
Kuumba Academy Charter School	792	-

² Fiscal Year for the State runs July 1 through June 30.

³ The amounts shown in this table include all overtime paid using an overtime earncode (e.g. straight time, time and a half, double time, and double time and a half) in the State's PHRST system.

Family Foundations Academy	490	3,981
Prestige Academy	134	211
Early College High School	12	-
Delaware Design-Lab High School	-	11,137
Sussex Academy of Arts and Science	-	3,622
Freire Charter School	-	725
Academia Antonia Alonso	-	677
Total School District and Charter School Overtime	\$ 4,619,394	\$ 5,463,374

Review of Internal Controls

We reviewed each school district’s records for the top 50 overtime earners to determine whether supervisors properly authorized the overtime paid. For districts that reported when an employee clocked in or out, we also reviewed the available timesheets to determine whether the hours reported agreed to the hours paid. In addition to the top 50 overtime earners, we reviewed all supporting documentation for employees who are eligible for double time and a half for holiday hours⁴ at Lake Forest School District.

The results of our procedures are detailed in Table 2 below:

Table 2: Internal Control Exceptions								
<i>School District</i>	<i>Lack of Overtime Approval</i>		<i>Hours Incorrectly Calculated</i>		<i>Unable to Recalculate Hours Due to Lack of Support</i>		<i>Total Pay Periods Selected</i>	
	<i>FY2016</i>	<i>FY2017</i>	<i>FY2016</i>	<i>FY2017</i>	<i>FY2016</i>	<i>FY2017</i>	<i>FY2016</i>	<i>FY2017</i>
<i>Appoquinimink School District</i>	0	0	1	2	0	0	6	12
<i>Cape Henlopen School District</i>	0	0	1	0	0	0	9	6
<i>Capital School District</i>	0	0	3	0	3	3	6	3
<i>Christina School District</i>	1	0	0	3	54	59	63	93
<i>Colonial School District</i>	0	0	5	2	0	0	9	6
<i>Lake Forest School District</i>	0	0	13	11	33	32	57	56
<i>NCCVT School District</i>	0	0	1	0	15	8	21	9
<i>Red Clay Consolidated School District</i>	0	0	0	0	0	0	30	15

⁴ Double time and a half for holiday hours per the Collective Bargaining Agreement.

<i>Smyrna School District</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4</i>	<i>0</i>	<i>0</i>	<i>3</i>	<i>6</i>
Total:	1	0	24	22	105	102	204	206

We found internal control exceptions for 64% and 60% of the payrolls we inspected for fiscal years 2016 and 2017, respectively.

We also reviewed the time-keeping processes and systems in place at the selected districts and found that the districts were using a variety of methods, from automated to manual, to track and approve overtime. During Fiscal Year 2016 and Fiscal Year 2017, we found:

- Appoquinimink, Cape Henlopen, Capital, Lake Forest, NCCVT, and Smyrna School Districts were using a manual timekeeping system, relying on either employee self-reported hours or hours reported from a time punch system where the total hours worked were manually calculated by the employee or a supervisor.
- Christina, Colonial, and Red Clay School Districts were using the Data Service Center (DSC)⁵ timekeeping application to track and approve overtime hours. Each district reported times worked through either a comment box section of the DSC system, a manual timesheet to support the total hours worked, or the transportation payroll report from DSC, which allows times to be entered along with a manual calculation of the total hours worked.
- The timekeeping processes used by all districts required a manual entry of hours worked by each employee into the State’s Payroll/Human Resource Statewide Technology (PHRST) system as PHRST does not interface with DSC.

⁵ As a non-profit state agency, the DSC is a service organization providing technological support for many aspects of school administration. <https://www.dataservice.org/about>

Recommendations

Automated Timekeeping System

A universal automated timekeeping system, such as the eSTAR system, should be utilized by all school districts. The benefits discussed with the eSTAR team include:

- Consistency in time and attendance reporting and approval, resulting in reliable data across all districts to allow management to perform analyses to identify errors or risks;
- The system will identify instances of overtime and prompt the employee's supervisor for approval;
- Total hours worked are automatically calculated based on times reported;
- The ability to create guidelines surrounding the use of earncodes;
- The ability for employees to select the funding source for time worked based on assignments;
- A system generated financial reporting package;
- A FMLA component to automatically request and track FMLA time off; and
- The elimination of manually entering payroll records each pay period through eSTAR's interface with PHRST.

The school districts should research the benefits and costs of this system and work with the eSTAR and PHRST teams to discuss the options available.

Supervisory Review of Timesheets

School districts should ensure that employees responsible for reviewing timesheets are properly trained and understand the importance of the accuracy of this review. The school districts should also consider sharing best practices and common timesheets errors with employees to ensure supervisors are aware of common mistakes (e.g. the incorrect calculation of hours) and are diligent in ensuring all timekeeping records are accurate before approval.

Objective, Scope, and Methodology

Objective

The objective of this engagement was to provide factual and analytical information surrounding all school district and charter school overtime in the State of Delaware and determine whether overtime for top earners, and others, as necessary, was properly authorized and for a legitimate purpose.

Scope

The scope of the inspection encompassed overtime payments made to State of Delaware school district and charter school employees from July 1, 2015 through June 30, 2017.

Methodology

Our procedures consisted of the following:

- Obtained payroll data for the period July 1, 2015 through June 30, 2017 to identify the school districts and charter schools with the highest overtime expenditures.
- Identified the individuals with highest overtime earnings.
- Reviewed Fiscal Year 2016 and Fiscal Year 2017 labor agreements for overtime provisions applicable to those employees selected.
- Sampled and reviewed timesheets and supporting documentation for top overtime earners, and others as necessary, in Fiscal Year 2016 and Fiscal Year 2017, and ensured hours worked were properly approved.
- Reviewed policies and procedures to ensure compliance with the State Budget and Accounting Manual Section 14.2.1.
- Reviewed overtime funding sources to illustrate how overtime was paid.

Appendix A

Top 50 Overtime Earners in Fiscal Year 2016

Rank	Position	District	Total Compensation (excluding overtime)	Overtime	Total Compensation
1	Instr Spt Instr Para Spec	Christina	\$ 55,126	\$ 81,123	\$ 136,249
2	Plant Operation & Maint Other	Christina	59,681	37,014	96,695
3	Secretary Financial Admin	NCCVT	62,922	30,370	93,292
4	Instr Spt Instr Para Spec	Christina	47,990	27,752	75,742
5	Chief Custodian I Plant Operat	Red Clay	46,104	26,939	73,043
6	Laborers Unskilled Transt Adm	Christina	53,948	24,658	78,606
7	Bus Driver Transportation Adm	Christina	45,880	24,342	70,222
8	Skilled Crafts Plnt Oper & Mnt	Christina	55,991	18,382	74,373
9	Custodian Plant Oper & Maint	Christina	44,406	18,245	62,651
10	Bus Driver Transportation Adm	Christina	46,244	16,776	63,020
11	Instr Spt Instr Para Spec	Christina	45,436	16,675	62,111
12	Instr Spt Instr Para I Spec	Christina	37,071	15,744	52,815
13	Bus Driver Transportation Adm	Colonial	23,460	15,741	39,201
14	Chief Custodian I Plant Operat	NCCVT	63,764	15,615	79,379
15	Gen Spt Data Proc Skill Crft	Cape Henlopen	50,183	15,578	65,761
16	Instr Spt Instr Para Reg	Christina	41,125	15,554	56,679
17	Skilled Crafts Plnt Oper & Mnt	Capital	49,166	15,026	64,192
18	Bus Driver Transportation Adm	Christina	39,424	14,712	54,136
19	Secretary Financial Admin	NCCVT	58,422	14,296	72,718
20	Chief Custodian I Plant Operat	Cape Henlopen	43,415	14,102	57,517
21	Chief Custodian I Plant Operat	Red Clay	48,212	13,921	62,133
22	Bus Driver Transportation Adm	Red Clay	41,379	13,779	55,158
23	Bus Driver Transportation Adm	Colonial	17,706	13,746	31,452
24	Chief Custodian I Plant Operat	NCCVT	63,764	13,641	77,405
25	Custodian Plant Oper & Maint	NCCVT	58,915	13,519	72,434
26	Bus Driver Transportation Adm	Christina	38,607	13,433	52,040
27	Secretary Financial Finance	Lake Forest	49,999	13,305	63,304
28	Custodian Plant Oper & Maint	Cape Henlopen	41,651	13,056	54,707
29	Chief Custodian I Plant Operat	Appoquinimink	44,775	13,031	57,806
30	Chief Custodian II Plant Opera	Smyrna	36,955	12,680	49,635
31	Instr Spt Instr Para I Spec	Christina	44,436	12,649	57,085
32	Bus Driver Transportation Adm	Christina	35,863	12,441	48,304
33	Chief Custodian II Plant Opera	Red Clay	45,195	12,212	57,407
34	Instr Spt Instr Para Spec	Christina	44,081	12,195	56,276
35	Chief Custodian I Plant Operat	Appoquinimink	47,384	12,086	59,470
36	Bus Driver Transportation Adm	Christina	41,363	12,048	53,411
37	Skilled Crafts Plnt Oper & Mnt	Red Clay	56,952	11,957	68,909
38	Custodian Plant Oper & Maint	NCCVT	58,539	11,584	70,123
39	Bus Driver Transportation Adm	Colonial	20,211	11,580	31,791

State of Delaware

*School District Overtime:
Internal Control Weaknesses*

40	Instr Spt Instr Para I Spec	Christina	30,515	11,567	42,082
41	Instr Spt Instr Para Spec	Christina	37,728	11,556	49,284
42	Bus Driver Transportation Adm	Christina	33,387	11,306	44,693
43	Instr Spt Instr Para Spec	Christina	37,647	11,278	48,925
44	Bus Driver Transportation Adm	Red Clay	42,448	10,876	53,324
45	Chief Custodian I Plant Operat	NCCVT	62,495	10,811	73,306
46	Bus Driver Transportation Adm	Capital	18,143	10,767	28,910
47	Manager School Lunch Food Ser	Red Clay	57,718	10,729	68,447
48	Skilled Crafts Plnt Oper & Mnt	Red Clay	42,230	10,720	52,950
49	Chief Custodian I Plant Operat	Red Clay	48,186	10,649	58,835
50	Skilled Crafts Plnt Oper & Mnt	Red Clay	56,901	10,542	67,443
Total:			\$ 2,273,143	\$ 822,308	\$ 3,095,451

Appendix B

Top 50 Overtime Earners in Fiscal Year 2017

Rank	Position	District	Total Compensation (excluding overtime)	Overtime	Total Compensation
1	Instr Spt Instr Para Spec	Christina	\$ 35,167	\$ 105,583	\$ 140,750
2	Instr Spt Instr Para Spec	Christina	44,967	61,877	106,844
3	Instr Spt Instr Para Spec	Christina	47,870	39,705	87,575
4	Plant Operation & Maint Other	Christina	61,493	37,342	98,835
5	Instr Spt Instr Para Spec	Christina	38,738	32,083	70,821
6	Bus Driver Transportation Adm	Christina	43,236	30,989	74,225
7	Laborers Unskilled Transt Adm	Christina	53,514	27,556	81,070
8	Chief Custodian I Plant Operat	Red Clay	48,244	26,851	75,095
9	Instr Spt Instr Para Spec	Christina	35,296	24,261	59,557
10	Bus Driver Transportation Adm	Christina	34,265	22,952	57,217
11	Chief Custodian II Plant Opera	Smyrna	43,244	20,995	64,239
12	Instr Spt Instr Para Spec	Christina	47,214	20,974	68,188
13	Bus Driver Transportation Adm	Christina	37,815	20,414	58,229
14	Instr Spt Instr Para Reg	Christina	43,106	20,076	63,182
15	Chief Custodian I Plant Operat	Appoquinimink	48,398	19,769	68,167
16	Custodian Plant Oper & Maint	NCCVT	64,105	19,054	83,159
17	Chief Custodian I Plant Operat	Red Clay	49,162	18,969	68,131
18	Instr Spt Instr Para I Spec	Christina	45,104	18,793	63,897
19	Bus Driver Transportation Adm	Christina	37,537	18,140	55,677
20	Bus Driver Transportation Adm	Colonial	22,852	17,496	40,348
21	Chief Custodian I Plant Operat	Appoquinimink	45,787	16,653	62,440
22	Skilled Crafts Plnt Oper & Mnt	Christina	56,287	16,375	72,662
23	Bus Driver Transportation Adm	Capital	18,172	16,273	34,445
24	Skilled Crafts Plnt Oper & Mnt	Christina	60,148	16,129	76,277
25	Secretary Financial Admin	NCCVT	66,715	16,077	82,792
26	Bus Driver Transportation Adm	Christina	41,478	15,826	57,304
27	Chief Custodian II Plant Operat	Christina	48,624	15,485	64,109
28	Manager School Lunch Food Ser	Christina	47,302	15,100	62,402
29	Custodian Plant Oper & Maint	NCCVT	60,970	14,747	75,717
30	Custodian Plant Oper & Maint	Christina	45,004	14,696	59,700
31	Bus Driver Transportation Adm	Christina	41,958	14,247	56,205
32	Custodian Fireman Plnt Operat	Christina	44,490	14,243	58,733
33	Instr Spt Instr Para I Spec	Christina	48,615	14,205	62,820
34	Chief Custodian I Plant Operat	Cape Henlopen	46,274	13,864	60,138
35	Chief Custodian I Plant Operat	Red Clay	49,220	13,738	62,958
36	Chief Custodian I Plant Operat	Appoquinimink	45,787	13,569	59,356
37	Instr Spt Instr Para I Spec	Christina	41,260	13,534	54,794
38	Bus Driver Transportation Adm	Christina	41,478	13,433	54,911
39	Custodian Fireman Plnt Operat	Red Clay	44,479	13,371	57,850
40	Bus Driver Transportation Adm	Cape Henlopen	23,956	13,104	37,060
41	Chief Custodian I Plant Operat	Christina	52,700	13,017	65,717

State of Delaware

*School District Overtime:
Internal Control Weaknesses*

42	Chief Custodian II Plant Operat	Red Clay	46,323	12,969	59,292
43	Bus Driver Transportation Adm	Christina	36,322	12,961	49,283
44	Skilled Crafts Plnt Oper & Mnt	Christina	58,436	12,887	71,323
45	Bus Driver Transportation Adm	Colonial	20,462	12,725	33,187
46	Custodian Plant Oper & Maint	Smyrna	37,230	12,686	49,916
47	Bus Driver Transportation Adm	Christina	39,389	12,671	52,060
48	Bus Driver Transportation Adm	Christina	38,283	12,435	50,718
49	Custodian Plant Oper & Maint	Appoquinimink	37,093	12,403	49,496
50	Instr Spt Instr Para Spec	Christina	35,629	12,391	48,020
Total:			\$ 2,201,198	\$ 1,025,693	\$ 3,226,891

Appendix C



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Kathleen McGuinness, State Auditor
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Sent via email

May 31, 2019

Re: Management Response

Dear Mrs. McGuinness;

This Overtime Inspection was a lengthy process (initiated September 2017) involving over 1200 source documents and changes within the inspection team. The inspection reviewed various employee groups/programs including the Delaware Autism Respite Program, Bus Drivers, Food Services, and Custodians. The largest contributor group for overtime is the Respite Program.

Respite services, are provided to families of students attending any of the Department of Education's approved Autism programs, statewide. Respite is intended to provide families with a short-or medium term planned break, from the care of a child or adolescent with autism. The program guidelines, established by the Statewide Director of Autism, provides 24 hours in any given month plus an additional 7 days every calendar year. Under the guidelines, providers of respite must be currently employed as a professional or paraprofessional within a school district in Delaware, operating an approved autism program.

The current hourly rate for respite services is \$15.22. Paraprofessionals are non-exempt employees. The overtime rate for Christina Paraprofessionals is a blended rate, aligned with the Fair Labor Standards Act. Blended overtime rate is calculated each week, looking at the average of their regular hourly rate, hours worked at this rate, and the hours worked providing respite. We recognize the complexities of these calculations.

Since the inception of the inspection, the District has migrated all departments to electronic recording through the Data Service Center (DSC). The use of the DSC time entry approval system provides for electronic submission by employees, the establishment of a multi-level approval hierarchy, and report generation. The DSC time entry approval system is the tracking record of the district. The official payroll record remains the State Payroll system. We have worked with the DSC to improve the time entry approval system, and continue to work collaboratively with this organization. There are currently 9 reported time payroll descriptors (related to the provision of respite) within DSC, of which 5 are required for full time Christina employees. During any pay cycle it is likely that this employee group will use multiple descriptors, providing challenges for reconciliation for those unfamiliar with the program.

As described within this inspection report, the information generated through the DSC, requires manual input into the State Payroll system for processing. This process adds an element of risk that can be mitigated through an interface between the DSC and the State Payroll System. We are in agreement with the recommendation to consider utilization of an automated timekeeping system, such as eStar. The District has had a number of conversations with the State Payroll Department to explore a solution, and at this time we await the technical specs required to "plug" DSC data into eStar through data uploads.

Respectfully submitted,

Robert A. Silber

Richard L. Gregg, Superintendent

The Christina School District is an equal opportunity employer and does not discriminate on the basis of race, color, creed, religion, gender (including pregnancy, childbirth and related medical conditions), national origin, citizenship or ancestry, age, disability, marital status, veteran status, genetic information, sexual orientation, or gender identity, against victims of domestic violence, sexual offenses, or stalking, or upon any other categories protected by federal, state, or local law. Inquiries regarding compliance with the above may be directed to the Title IX/Section 504 Coordinator, Christina School District, 600 North Lombard Street, Wilmington, DE 19801; Telephone: (302) 552-2600.



The vision of the Lake Forest School District is to be the leader in education without compromise.

MEMORANDUM

TO: Kathleen K. McGuiness, RPh, CFE
Auditor of Accounts

FROM: Brenda G. Wynder, Ed. D. *BGW*
Superintendent

DATE: May 31, 2019

SUBJECT: School District Overtime: Internal Control Weaknesses

The Lake Forest School District is committed to meeting the needs of our staff and students, as well as the expectations of our community in a transparent and accountable manner. Given this level of commitment, supported and governed by the District’s Mission, Vision, Values and Board Policy Manual, we appreciate the work performed by your team in evaluating the District’s usage of overtime during Fiscal Years 2016 and 2017.

In regards to the items noted within the report, released as a result of the inspection, please accept the following as our formal response:

1. It has been a longstanding practice within this district to authorize 1.5 hours of overtime for custodial building checks that regularly occur outside of the standard 40 hour work week. The District, in conjunction with the Lake Forest Education Association will look to codify this practice within the negotiated agreement next year.
2. Prior to this inspection, effective August 15, 2017, and continued each fiscal year since, the District implemented various cost containment and internal control measures to strengthen practices surrounding overtime. As is stands today, all overtime must be preapproved, except for standard custodial building checks, and all hours documented on time sheets even if a flat 1.5 hours is all that is authorized.

Should you wish to discuss further and/or if you have any questions regarding our response, please do not hesitate to contact me.

Superintendent
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Board of Education
 Earle Dempsey, President
 James L. Rau, Vice President
 Ronda A. Swenson
 Phillip Thomas
 Dr. John Moyer III

Lake Forest School District does not discriminate in employment or in educational programs, services or activities based on race, color, national origin, sex, age, or disability in accordance with state and federal laws. Inquiries should be directed to the Human Resources Director, Lake Forest Central Business Office, 5423 Killens Pond Road, Felton, Delaware 19943. Telephone: (302)284-3020. Persons with disabilities or other special needs are encouraged to make contact as soon as possible, in order that reasonable accommodations can be made.



**NEW CASTLE COUNTY
VOCATIONAL-TECHNICAL SCHOOL DISTRICT**

1417 NEWPORT ROAD, WILMINGTON, DELAWARE 19804
(302) 995-8050

YVETTE SANTIAGO
President
Board of Education

VICTORIA C. GEHRT, Ed.D.
Superintendent

MADLINE BOLDEN JOHNSON
Vice President
Board of Education

May 31, 2019

State Auditor Kathy McGuiness
Townsend Building, Suite 1
401 Federal Street
Dover, DE 19901

Dear Mrs. McGuiness:

Thank you and your team for the work that was performed pertaining to the Overtime Audit for New Castle County Vo-Tech School District during fiscal year 2016. This letter is in response to the Final Audit Report.

During the timeframe that the Audit Sample was collected, the District was utilizing paper timesheets. Due to human errors in the addition of overtime, an employee was overpaid in two pay periods and underpaid for one pay period resulting in a net overpayment of 1.25 hours.

Since this timeframe, the District has initiated an automated time sheet system through the Data Service Center, which will remove human errors such as what is notated in the audit. Furthermore, the District has made concerted efforts to significantly reduce the amount of overtime districtwide.

The New Castle County Vo-Tech School District sincerely appreciates the advice and cooperation of your organization during this audit. The finding in this audit predominately applies to past procedures, but New Castle County Vo-Tech School District continuously strives to be better and the District appreciates your office assessing areas to concentrate.

Please contact me should you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean", is written over a horizontal line.

Sean Sokolowski
Director of Finance

The New Castle County Vocational-Technical School District is an equal opportunity employer and does not discriminate or deny Services on the basis of race, color, religion, national origin, gender, sexual orientation, marital status, age, disability or covered veteran status in employment, admission to or participation in its programs, services and activities.

SMYRNA SCHOOL DISTRICT

82 Monrovia Avenue, Smyrna, Delaware 19977

Telephone (302) 659-4310

FAX (302) 659-4309

Jerry Gallagher
Finance Director

June 3, 2019

Kathleen McGuiness
State of Delaware
Auditor of Accounts
401 Federal Street
Dover, DE 19901

Ms. McGuiness,

The Smyrna School District offers the following response to the Inspection Report on School District Overtime.

The Smyrna School District is in the process of converting to an automated absence request and personnel attendance system. Future consideration will be given to an automated timekeeper system. Supervisors will be provided training on reviewing and approving time sheets. The district will also refine procedures to ensure overtime hours are calculated consistently.

If I can be of further assistance, please feel free to contact me at gerard.gallagher@smyrna.k12.de.us or at 302-659-4312.

Sincerely,


Jerry Gallagher
Finance Director

The Smyrna School District does not discriminate in employment, educational programs, services or activities based on race, color, marital status, creed, religion, national origin, gender, age, genetic information, sexual orientation, gender identity, disability or any other protected category or status in accordance with state and federal laws. Inquiries should be directed to the District Superintendent.