

**Columbus City Schools
Office of Internal Audit**



**COLUMBUS
CITY SCHOOLS**

Position Control Process

Audit Report

Report Date: August 23, 2018

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Executive Summary

The Columbus City Schools (District) Office of Internal Audit (OIA) has recently completed a general audit of the District’s Position Control Process. Our audit focused on evaluating predetermined objectives selected by OIA. This general audit consisted of the review and testing of these objectives relevant to the Position Control Process. This process involved the Budget Office staff (responsible for developing the District personnel budget, tracking FTE’s, maintaining the Allocation Request documents, and assigning position control numbers), Human Resources Department (responsible for hiring or personnel and entering employee information into MUNIS).

Based on the results of our work during this audit, we found areas where improvements could be made to strengthen the internal control environment and enhancements could be made to current processes to increase the efficiency of the District’s position control process.

During the course of our audit, we made District staff and management involved with position control aware of our issues, comments and recommendations for improvement. Good discussion took place regarding the recommendations. OIA appreciates the cooperation extended to us and the assistance of all staff we came into contact with as we performed our audit.

The following are OIA issues noted during the review:

Risk Ratings, defined:

1 – High/unacceptable risk requiring immediate corrective action;

2 – Moderate/undesirable risk requiring future corrective action;

3 – Low/minor risk that management should assess for potential corrective action.

Issues	Risk Rating		
	1	2	3
Objective 1: The existence of business objectives and metrics:			
Issue No. 1 – The Offices of Budget & Financial Management and Human Resources do not have written business objectives, metrics or risk analysis to guide the position control function, determine successes, avoid pitfalls, and enhance its efficiency and effectiveness.	X		

Issues	Risk Rating		
	1	2	3
Objective 2: Sufficient policies and procedures exist to govern position control process:			
Issue No. 2 – The position control function could benefit from a written procedural document.	X		
Issue No. 3 – No real time staffing numbers were maintained in an easily retrievable manner for District management or leadership.	X		
Issue No. 4 – District leadership does not review and approve all District positions during the budget process.	X		
Objective 3: Sufficient internal controls are in place and operating as management intends:			
Issue No. 5 – Current position control function is not as efficient as it could be.		X	
Issue No. 6 – Allocation request process can be more efficient.		X	

Audit Objectives

The objectives of the audit were to determine:

- Written business objectives exist to guide position control function;
- Sufficient policies and procedures exist to govern position control process; and
- Sufficient internal controls are in place and operating as management intends.

Audit Scope

OIA established the scope of the audit to include a review of basic operational aspects of the position control process, verification of any compliance requirements, and evaluation of the internal control environments as they relate to the stated objectives. The period of time for the audit included all activity relating to the position control process that occurred from July 2017 thru May 2018.

Methodologies

To accomplish our stated objectives, OIA performed the following tasks as they related to those objectives:

- Reviewed various authoritative literature governing work reviewed (i.e. Relevant Ohio Revised Code & Ohio Administrative Code sections, various federal grant guidance, etc...);
- Obtained and reviewed relevant Columbus City Schools' (CCS) Board of Education policies;
- Obtained and reviewed relevant District procedures;
- Interviewed the Office of Budget & Financial Management Executive Director and staff, Office of Human Resources Senior Executive Administrator and staff, and the Treasurer's Office Payroll Administrator regarding the position control process;
- Observation and documentation of key processes;
- Review of management reports, support documentation, and other relevant information; and
- Review of best practices used by other entities performing similar functions.

Background

The Position Control file is an integral part of the MUNIS Human Resources and Payroll process. It continues to provide valuable functionality to a number of departments including the Budget and Finance office, the Payroll department and Human Resources. Once decisions are made during the budget process as to the numbers of employees needed for jobs at each department, the use of Position Control's "Control" features are used to insure that only truly vacant positions are filled. The final function that Position Control provides is the ability to have field definitions "Automated" such that when a position is attached to an employee, pre-defined values such as General Ledger Account, Location or Min/Max salary values are automatically pulled through. In addition, functionality exists within MUNIS to allow for the change to certain field values in one file to be automatically "pushed" forward to another. That, along with certain security features, will allow you to control where changes to location or General Ledger Account (for example) are to be made, and by whom, and then with this automation allow multiple files to be updated automatically with a single change.

Results of the Financial and Compliance Audit of the Position Control Process – Issue and Recommendations:

Issue No. 1 – The Offices of Budget & Financial Management and Human Resources do not have written business objectives, metrics or risk analysis to

guide the position control function, determine successes, avoid pitfalls, and enhance its efficiency and effectiveness.

The District's position control function does not have business objectives guiding the tasks that involve position approvals, position posting, position hiring, position attributes. Furthermore, there are no metrics that are routinely obtained to identify successes or how efficient and effective the position control process is operating or risk analysis to identify areas where problems could occur.

Recommendations

1. Written business objectives should be established for the District's position control function that corresponds to the District's goals¹. These objectives should address: accuracy, completeness, consistency, cost-effectiveness, compliance and timeliness.
2. Metrics (i.e. how long does it take to proceed through various parts of the position control function, how many additional tasks are needed to complete the process, how long it takes to get various approvals, etc...) should be established to measure the work performed that relates to each business objective. These metrics should be compared to defined benchmarks on a periodic basis (i.e. monthly, quarterly, etc...). This comparison will enable management to identify those business objectives that are meeting the benchmarks and those that need additional work.
3. Risk analysis should be performed for the position function to identify areas where problems could occur. Once the risks are identified, steps should be taken to minimize the likelihood that this risk will become problematic.

These procedures will help to ensure Management is aware of the successes of the District's position control function, as well as those areas where successes have yet to be achieved.

Management Response: See single response for all recommendations on Page 11

Process Owner: Executive Director, Office of Budget & Financial Management & Senior Executive Director, Office of Human Resources

Implementation Date: None

¹ Columbus City Schools Goals:

Goal 1: Each student reaches the student's full potential; to continue education, serve in the military, go to college, start a business, and enter the workforce as a life-long learner.

Goal 2: The District creates safe, student-centered, innovative learning environments and recruits, develops, and retains world-class talent.

Goal 3: The District is accountable to our communities and customers; confidence in the District is maintained through strategic, responsible and transparent leadership.

Issue No. 2 – The position control function could benefit from a written procedural document.

The position control function can benefit from a procedure manual. There is no written procedure manual documenting all the procedures performed as part of the position control function throughout the District.

Recommendation

4. The District should document the procedures concerning the position control function in a written procedure manual. This should include duties completed to benefit the position control function performed by employees outside of the Office of Budget & Financial Management. This will help to inform all employees who handle a piece of the position control function of their job duties and can be used as a training tool in the event an employee is off the job for a significant amount of time.

Management Response: See single response for all recommendations on Page 11

Process Owner: Executive Director, Office of Budget & Financial Management & Senior Executive Director, Office of Human Resources

Implementation Date: None

Issue No. 3 – No real time staffing numbers were maintained in an easily retrievable manner for District management or leadership.

Current FTE numbers or total staffing numbers could not be provided for District Departments, rather they were provided by location or employee payroll cost per month. The location report provided included staff recorded at the incorrect location and locations that were not active District worksites. The employee payroll cost report contained employees coded to District schools that have closed. These schools are:

- Brookhaven High School (1 employee - \$370);
- Arlington Park Elementary School (2 employees - \$4,330);
- Heyl Elementary School (1 employee - \$19,008); and
- Clearbrook Middle School (8 employees - \$282,298).

Reports listing staff by OPU were obtained during the audit. These reports were not periodically circulated to District management to ensure completeness and accuracy.

Recommendation

5. The Executive Director of the Office of Budget & Financial Management should ensure active staffing levels are kept up to date and available to management and leadership. Information that should be made available are:

- Currently approved positions (FTE);
- Currently filled and vacant positions; and
- Currently approved extra service/extra pay actions.

A report containing the above information for the current period and prior periods should be periodically presented to the Finance and Appropriations Committee and leadership for their review. This information will provide management and leadership with trend data that can be analyzed and used to evaluate operations against like entities and compare with relevant benchmarks.

Management Response: See single response for all recommendations on Page 11

Process Owner: Executive Director, Office of Budget & Financial Management & Senior Executive Director, Office of Human Resources

Implementation Date: None

Issue No. 4 – District leadership is not provided FTE positional data for each OPU during the personnel budget review.

Considerable time is spent by District leadership reviewing OPU non-personnel budgets and this amounts to approximately 15% of the District budget. The District personnel budget is reviewed as one-line item for the entire District. Therefore, approximately 85% of the District's budget is approved without Department or OPU detail, which would include the number of FTE positions.

Recommendation

6. The Executive Director of the Office of Budget & Financial Management should develop a process by which budget review includes listings of all FTE positions by Department or OPU. This will help management and leadership determine the efficiency of operations and provide relevant data to benchmark against like entities.

Management Response: See single response for all recommendations on Page 11

Process Owner: Executive Director, Office of Budget & Financial Management & Senior Executive Director, Office of Human Resources

Implementation Date: None

Issue No. 5 – Current position control function is not as efficient as it could be.

The District's position control process is a manual process and involves many independent repositories of data (FTE's by location, OPU staffing rosters, Allocation request spreadsheets, etc...) that do not contain real time information. There is not a

real time, consolidated view of budgeted, vacant and filled positions that is available to District management and leadership.

Tyler Infinite Visions does have a personnel management product that brings all District data into one place to manage positions and corresponding full-time equivalents (FTEs). Integrated workflow for electronic personnel action requests (e-PAR) puts the District in control of position inventory, and built-in checks and balances ensure the seamless and secure flow of information so nothing falls through the cracks from start to finish.

Recommendation

7. District staff should explore position control systems that will integrate with our current ERP to maximize the efficiency of our District. This would enable the Office of Budget & Financial Management and Office of Human Resources to have more accurate real time personnel counts that should lead to more effective budgets. Additionally, it will help to provide District management and leadership with information they can rely on as decisions are made throughout the District regarding staffing.

Management Response: See single response for all recommendations on Page 11

Process Owner: Executive Director, Office of Budget & Financial Management & Senior Executive Director, Office of Human Resources

Implementation Date: None

Issue No. 6 – Allocation request process can be more efficient.

Allocation requests are made for new positions, backfilled positions and extra pay requests. All requests go through the same process of evaluation by District management. Time is spent evaluating requests that are subsequently rejected, should be routinely filled, or need additional information for sufficient analysis. We found 20% (2 of 10) of the sampled positions where an employee was paid did not have allocation requests approved.

In all, there were 744 allocation requests for new positions, backfilled positions and extra pay requests. Of these, 182 were rejected resulting in 24% of the requests being rejected. The breakdown is as follows:

- 130 new requests were made during our audit period and were rejected 38% of the time;
- 469 backfill requests were made during our audit period and were rejected 14% of the time; and
- 145 extra service requests were made during our audit period and were rejected 46% of the time.

Recommendation

8. A control should be developed to ensure only new position allocation requests are available for those pre-loaded positions already approved as part of the budget process and/or approval of Superintendent's office. Backfill positions should be expedited using the approvals of the Department Director, Office of Budget & Financial Management and Office of Human Resources. These procedures will help to reduce the number of rejections that reduce the efficiency of the position control function and will help to ensure the Departments are operating within their budgets.

Management Response: See single response for all recommendations on Page 11

Process Owner: Executive Director, Office of Budget & Financial Management & Senior Executive Director, Office of Human Resources

Implementation Date: None

Management Response: We will address all recommendations in a singular response. The initial phase of our new budgeting process focused on district non-personnel budgets for one fiscal year at a time. The second phase transitioned to a five-year budget plan driven by our academic needs and reflected in our five-year forecast.

The next phase is to develop a comprehensive personnel budgeting process. We have already engaged in conversations with the Finance & Appropriations Committee about this work. The first step is to research and evaluate existing best practices. We are confident that through a comprehensive plan, it will be able to address all of the recommendations listed in this report. Our target, subject to change, is to have this new process in place for the FY 2020 budget process. Not knowing what the final product will look like, we are not able to provide a definite implementation date.

There are some points of clarification that need to be provided:

- [Issue No. 3](#) - The District does maintain real time staffing information that is accessible through MUNIS, including Tyler Reporting Services, use of the MUNIS Ribbon add-on through Excel, and through the Lotus Notes Article 211 (assignments and transfers) database system for certificated teacher positions. The Board of Education approves the Annual Appropriations Resolution at the fund level, with the exception of the General Fund. The General Fund is broken down by personnel (salaries and fringe benefits) and non-personnel. The personnel budget is drive by full time equivalency (FTE) counts, and includes any additional staffing positions that were part of the November 2016 operating level and reviewed by the Finance and Appropriations Committee. Payroll expenditure data for the General Fund has been distributed to the various offices beginning in July 2017. These reports covered the following salary/fringe benefit expenditures: regular wages; extra service; overtime; part-time/hourly; and substitute wages. Reports beginning with June 2018 payroll expense data have been modified to include employee counts. The District is working with Tyler Technologies to include approved, vacant positions on the Building Rosters by General Ledger Account report that is accessible through Tyler Reporting Services (TRS).

OIA Response: While the information contained in the MUNIS ribbon does exist, it was not shown to audit staff until after the exit conference occurred and was not utilized by District staff during our audit period.

- [Issue No. 4](#) – The Finance & Appropriations Committee and Board of Education are presented annually with any new General Fund staffing positions for the subsequent fiscal year during our budget process. Previously approved positions are not reviewed every year, unless through a budget reductions process like we went through during FY 2018. The District did engage an outside vendor during FY 2016 to assist in the development of a comprehensive staffing model, based on industry standards. This data was used to compile the staffing requests that were part of the November 2016 operating levy.
- [Issue No. 5](#) – The District is in the process of migrating the Lotus Notes Article 211 (assignments and transfers) database system over to MUNIS during FY 2019, thus consolidating independent repositories of personnel data.
- [Issue No. 6](#) – Beginning in July 2017, allocation requests are being submitted and approved through the Columbus City Schools Distributed Application

Services (CCDAS) system. This allows for expedited, paperless, allocation processing through an automated workflow approval. The old method was handled through a weekly, in-person, meeting to review and approve allocation requests. Our turn-around and efficiency have improved substantially with this online process.

OIA Response: Our audit period began in July 2017, so our recommendation is based on the current process.

Process Owner: Executive Director, Office of Budget & Financial Management & Senior Executive Director, Office of Human Resources

Implementation Date: None