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Introduction

Rausch Advisory Services (Rausch) was engaged by the Office of Internal Compliance of Atlanta Public Schools (APS) to complete an audit of payroll for 78 Bus Operators for the period March 16, 2020 to July 31, 2020. Rausch performed the audit between September 24, 2020 through October 26, 2020. The executive summary included below identifies the objectives, scope, and observations of the engagement. A background section was provided to help explain the issues relating to payroll which led to our engagement. Finally, the results of our audit activities are identified in the Findings and Recommendations section.

We conducted this audit in accordance with auditing practices to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We limited our work to those areas specified in the “Audit Objective, Scope, and Methodology” section of this report.

Executive Summary

Rausch reviewed the time and pay records for all pay periods under audit for each of the 78 employees identified in order to calculate the appropriate gross pay and compare it to amounts actually paid. Rausch also interviewed relevant members of APS Management to determine appropriate methodology in selecting records on which to base our calculations.

While our review noted exceptions in pay amounts and process improvement opportunities, we also noted certain decisions and actions taken by APS Management which are commendable. Chief among those was the following:

- ✓ APS Transportation worked with Payroll to develop a “Telework” pay code within Kronos in order to adapt to a virtual work environment caused by the Covid-19 Pandemic. This allowed Bus Operators and other employees to continue to be paid in a timely manner while they were not physically reporting to work and were not able to use a time clock.

Background

As the severity of the Covid-19 Pandemic became apparent in March 2020, the decision for APS to go to a virtual learning format was made, and students stopped attending in-person classes. Beginning Monday, March 16, 2020 (and for the remainder of the 2019-2020 school year) all classes were held virtually. Accordingly, there was no need for Bus Operators to drive their normal routes to transport children to and from school beginning on this date.

All Bus Operators continued to receive their statutory base pay during the pandemic, and while there was no need to transport students during this time, there was a need for certain in-person work to be performed by Bus Operators (most notably, food deliveries), and there was an opportunity to earn additional pay for those who chose to do so.

For any hours worked in excess of the standard workday (4.00 hours for most Bus Operators), they received “straight” pay, which is their hourly rate based on annual salary and standard annual hours. Beginning April 13, 2020, those who worked in-person hours were also eligible for “Hero” pay, which was 50% of their straight pay rate in addition to any other pay they were entitled to for such hours. Hero pay is generally applicable to all in-person hours worked.

In June 2020, certain Bus Operators filed a complaint alleging that they had been underpaid during the pandemic. APS engaged Rausch to perform an independent audit of payroll for all affected Bus Operators during the period.

Objective, Scope, and Methodology

The objectives of our audit were to determine if gross pay amounts for the specified Bus Operators was properly calculated for all pay periods under audit and to provide APS with a list of any corrective payments or recoupments needed. Specifically, the objectives were to:

- Recalculate gross pay for each of 78 Bus Operators for each of the 9 pay periods from March 16, 2020 through July 31, 2020 based on relevant source documents and stated pay rates.
- Compare our calculated gross pay to amounts actually paid and recorded within the Lawson payroll system.
- Identify reasons for any differences noted and determine corrective actions needed.
- Provide recommendations to APS.

To meet our objectives, we reviewed various documentation and interviewed APS personnel to gain an understanding of current processes. The following is a list of key interviews we conducted during our review:

- ✓ Connie Brown, Executive Director, Office of Internal Compliance
- ✓ John Franklin, Executive Director, Transportation
- ✓ Multiple Transportation Supervisors and Timekeepers

In determining which source documents to rely on for our audit evidence of time worked, we consulted with the APS personnel listed above and reviewed all available documentation including:

- ✓ Time recorded in Kronos
- ✓ Sign-in Logs
- ✓ Training Logs
- ✓ Food Sequence Logs
- ✓ White Sheets approved and submitted by supervisors
- ✓ Electronic Communications with supervisors (Text messages and emails)

Based on our discussions with APS Management and review of available documentation we established the following methodology for determining actual time worked:

- Absent compelling evidence to the contrary, time recorded in Kronos is the prevailing record of time worked.
- For instances in which time recorded in Kronos was questionable or disagreed with other evidence, we discussed the circumstances with the individual supervisors to determine which record should prevail.
- Differences of less than 0.25 hours (15 minutes) for a single day were attributed to rounding within Kronos and were calculated in favor of the employee.

In determining corrective actions needed for pay differences noted, we took into account any corrections already made by APS during the period under review (on or before August 14, 2020, which was the pay date for the pay period ended July 31, 2020). Any corrections made by APS since this date are outside the scope of our audit and should be considered by APS before implementing the corrective actions provided in this report.

Through the course of the audit, Rausch also identified certain opportunities for process improvement. These are included in our Observations and Recommendations section.

Conclusion

We noted 11 of the 78 (14%) Bus Operators tested had net underpayments or overpayments which were not fully corrected during the period under audit. The affected employees and corrective actions needed are listed below:

Employee	Over / (Under) Payment	Explanation for Exception	Corrective Action Needed
Bus Operator 01	\$ 1,196.68	Net overpayment of 94.00 Hero hrs (underpayment of 0.50 hrs on pay date 4/30 and overpayment of 94.50 hrs on pay date 5/15).	Recover \$1,196.68 from employee. (-94.00 Hero hrs)
Bus Operator 02	\$ (832.94)	This amount represents an underpayment of 72.00 Hero hrs on pay dates 4/30 (12.00 hrs), 5/15 (8.00 hrs), 5/29 (36.00 hrs) & 6/15 (16.00 hrs) and 7.00 overtime hrs on pay date 6/15.	Pay \$832.94 to employee. (+72.00 Hero hrs, +7.00 overtime hrs)
Bus Operator 03	\$ 31.09	Overpayment of 1.75 straight hrs on pay date 4/15.	Recover \$31.09 from employee. (-1.75 straight hrs)
Bus Operator 04	\$ (92.57)	Underpayment of \$92.57 in Hero pay from pay date 4/30.	Pay \$92.57 to employee. (Hero pay)
Bus Operator 05	\$ 235.49	Overpayment of 20.00 Hero hours on pay date 5/15.	Recover \$235.49 from employee. (-20.00 Hero hrs)
Bus Operator 06	\$ (35.59)	Underpayment of 1.25 hrs of straight pay and 1.25 hrs of Hero pay on pay date 4/30.	Pay \$35.59 to employee. (+1.25 straight hrs, + 1.25 Hero hrs)
Bus Operator 07	\$ 131.68	This overpayment is the net effect of: (1) underpayment of 1.00 straight hrs on pay date 4/15, (2) overpayment of 14.00 Hero hrs on 5/15, and (3) underpayment of 0.50 Hero hrs on pay date 5/29.	Recover \$131.68 from employee. (+1.00 straight hrs, -13.50 Hero hrs)
Bus Operator 08	\$ 12.86	Overpayment of 0.75 straight hrs on pay date 4/15.	Recover \$12.86 from employee. (-0.75 straight hrs)
Bus Operator 09	\$ 74.99	Overpayment of 3.00 straight hrs on pay date 8/14.	Recover \$74.99 from employee. (-3.00 straight hrs)
Bus Operator 10	\$ 50.93	Overpayment of 2.00 straight hrs on pay date 8/14.	Recover \$50.93 from employee. (-2.00 straight hrs)
Bus Operator 11	\$ (12.74)	Underpayment of 1.00 Hero hrs on pay date 5/15.	Pay \$12.74 to employee. (+1.00 Hero hrs)

The calculations supporting the amounts shown above will be provided to APS Management.

We want to thank the APS Transportation Department and the APS Office of Internal Compliance and for their cooperation and help in completing the audit. If you have any questions or concerns about any of the items in this report, please do not hesitate to contact us.

Observations and Recommendations

In addition to the findings detailed in our Conclusion section, we noted other areas during the course of our audit which we believe could be improved. These are outlined below.

Paystubs

Finding:

Employee paystubs for Bus Operators currently show a default number for regular base pay hours (40.00) which does not reflect the basis for regular base pay in any given period. The paystubs also include a “rate” column, the contents of which do not reflect a rate, but a weekly total, which is duplicative of the “amount” column next to it. Both of these items serve to confuse employees and could lead to misunderstandings relating to pay they are receiving.

Recommendation:

To reduce the potential for confusion, the “hours” amount for regular base pay should be removed from the paystubs and the “rate” column should be reconfigured to show actual rates or removed from the paystubs altogether.

Kronos User Nomenclature

Finding:

In APS’s current configuration of the Kronos timekeeping software, the term “SuperUser” is used to denote an employee’s own time punches or automated punches by the system. This causes confusion in reviewing the audit trail of time punches because that term is more generally understood to mean a user with elevated administrative rights in the application.

Recommendation:

The configuration of Kronos should be changed to utilize nomenclature which more clearly describes the nature of users entering time punches.