

Paul R. Philip, Chief of Staff

SUBJECT: INTERNAL AUDIT REPORT – REVIEW OF THE CENTRALIZED PAYROLL FUNCTION, APRIL 2003, PRESENTED BY THE OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS

In accordance with the Audit Plan for the 2002-2003 Fiscal Year, the Office of Management and Compliance Audits has performed a review of the District's centralized payroll processing function, administered by the Payroll Department that reports to the Office of the Controller under Financial Affairs. The primary objectives of the review were to assess the control environment related to the District's payroll reporting, deductions, travel, and to assess the adequacy of the District's policies and procedures.

The review concluded that the District's centralized payroll function is operating satisfactorily and in compliance with applicable Federal and State laws, as well as the extensive regulations and procedures established to determine and control payments of salaries and other labor-related costs. There are several recommendations made in the review that should improve the operation of the centralized payroll function, by improving efficiency through more automation, and enhancing the preventive and detective controls established to assure the information received from the schools and departments is accurate and can be relied upon to process the District's payroll transactions. Those recommendations are needed to address the weaknesses noted in the review.

In accordance with the procedures for the Office of Management and Compliance Audits, the Internal Audit Report - Review of the Centralized Payroll Function, April 2003 is submitted to the School Board. The School Board Audit Committee reviewed the audit report at its May 6, 2003 meeting and will submit its recommendations to the School Board and the Superintendent of Schools by June 11, 2003.

Copies of this report will be distributed to Board Members, the Superintendent of Schools, and appropriate district staff and will be placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, receive and file the Internal Audit Report - Review of the Centralized Payroll Function, April 2003, presented by the Office of Management and Compliance Audits.