

Ms. Luisa Santos, Board Member

**SUBJECT: PAYROLL SYSTEMS**

**COMMITTEE: FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS**

**LINK TO STRATEGIC**

**PLAN: EFFECTIVE & SUSTAINABLE OPERATIONAL PRACTICES**

The School Board of Miami-Dade County is committed to transparency and efficiency in all processes within our District. It is evident that we have remained diligent in our work as we were awarded the certificate of Excellence in Financial Reporting for high-quality financial reporting of our Annual Comprehensive Financial Report (ACFR).

During the School Board Audit and Budget Advisory Committee (ABAC) meeting of May 22, 2023, an Internal Audit Report, *District's Payroll Processes and Opportunities for Further Automation and Increased Efficiency* ("payroll audit") was presented. The payroll audit evaluated internal controls we have in place for current payroll processes, benchmarked our payroll process with other school districts and governmental entities, and provided recommendations in terms of payroll enhancements and improvements. In the findings of the report, four out of the twenty-four audited work locations were not in compliance, resulting in underpayments and overpayments. The audit found that the manual nature of the payroll processes reflected inevitable human error and inaccuracies, as well as insufficient payroll review by worksite administrators.

It is important that these findings be addressed by our Board and Superintendent, as we must hold ourselves accountable to all staff members across the District, and ensure mechanisms are in place to prevent underpayments to employees or overpayments that result in increased costs to the District. The inefficiencies of the manual payroll processes were most notable in our Transportation and Maintenance sites. To continue our commitment to financial transparency, we should address the recommendations brought forth to us in the payroll audit. The administration must review our payroll systems in conjunction with other payroll related systems that can interface with the District's payroll system. Our Chief Auditor stated in his cover letter that a real-time time and attendance system with electronic record keeping, and an automated leave management software system would result in improved efficiency and greater payroll accuracy.

A District as large as ours comes with many moving parts within each sector. Currently we use the SAP ECC system. Hourly and part time workers are still manually signing in on SAP generated paper sign-on sheets, and their hours worked must be input into the SAP payroll system by their work locations' payroll clerks. On the other hand, full-time employees' payroll is based on their pre-established schedules and pay rates, and in that respect, it is a more automated process. But for all employees the absence/leave request process is entirely manual on paper forms, and any approved leave must be manually input into the SAP system by payroll clerks. The audit findings reflect that approved leave taken by employees was not always processed/deducted by the payroll clerks, resulting in overpayments or significant costs to the District.

In the audit findings, it is also reported that the manual payroll processes require large costs, primarily the cost of maintaining payroll clerks at every work location. Specifically, we see that in the Transportation and Maintenance sectors of our District. Payroll clerks report spending 100% of their time gathering time and attendance sheets, retrieving employee attendance emails, processing leave forms, and inputting data into our SAP payroll module. The Transportation and Maintenance sites audited in the report were found to be not in compliance with our District guidelines, as they did not use the District's approved online platform for sign-in procedures for full-time employees. These operational areas explained that this District's software does not suit the needs of the work locations for both Maintenance and Transportation.

On page thirty-one of the payroll audit, we can see how we benchmark against other districts in our state. Putting this into context, we are the largest school district in Florida, and the third largest in the nation, and we are behind regarding the automation of our payroll processes. We see that Broward County uses interfaces dependent on their RFID card time clocks, Orange County uses swipe ID card time clocks, and Palm Beach County uses both biometric time clocks and web clocks. Two other Florida school districts and most other organizations have automated leave platforms. Also noted is that several other school districts use an outsourced automated call-out system for their substitute services. As the third largest district in the nation, we can help continue paving the way to 22nd century systems through further automation.

Our District has recognized the drawbacks of relying on time-consuming manual administrative payroll tasks. These methods have proven to be inefficient and prone to errors. In order to utilize our human resources more effectively, the audit reflects we should invest in an automated workforce management solution. This solution would enable us to better control labor costs, mitigate compliance risks, streamline workforce management processes (including labor planning and scheduling), and ultimately respond to the needs of our workforce.

This item seeks to explore the feasibility of updating our payroll processes across the District, particularly involving time and attendance and leave/absence management systems, prioritizing the implementation of a new system for our Transportation and Maintenance sectors, creating a plan of action for the listed recommendation from the payroll audit, and providing a follow-up presentation to the Board during the August School Board Committee meeting.

This item has been reviewed and approved by the General Counsel's Office as to form and legal sufficiency.

**ACTION PROPOSED BY  
MS. LUISA SANTOS:**

That the School Board of Miami-Dade County, Florida, authorizes the Superintendent to improve our present payroll systems by:

1. Reviewing the feasibility of automating all payroll processes in the District, starting with our transportation and maintenance staff;
2. Creating and implementing a plan of action for the following recommendations set forth in the May 2023 Internal Audit Report, *District's Payroll Processes and Opportunities for Further Automation and Increased Efficiency* as presented by the Office of Management and Compliance Audits:
  - a. Recommendation 2.3: Further automate with time and attendance and leave/absence management systems that interface with the SAP payroll system;

- b. Recommendation 4.1: Update the Manual of Payroll Processing Procedures;
  - c. Recommendation 5.1: Implement an effective and efficient time and attendance system for Transportation and Maintenance;
  - d. Recommendation 5.2: District Administration and Transportation management should work together to ensure any new system will meet the needs and properly manage the workforce and communicate with Transportation departments from other school districts already using real-time time and attendance systems;
  - e. Recommendation 7.1: Accelerate the digital transformation of payroll processes to optimize efficiency and reduce costs resulting from manual processes.
3. Presenting these findings to the Board during the August 9, 2023, School Board Fiscal Accountability & Government Relations Committee meeting.