



CITY AUDITOR'S OFFICE

TO: Charter School Authority Chairperson and Board Members
City of Cape Coral Mayor and Council Members

THRU: Andrea R. Butola, City Auditor *ARB*

FROM: Oscar B. Claudio, Assistant City Auditor *OBC*

DATE: October 5, 2017

SUBJECT: Follow up Review – Special Project – Charter Schools – Compensation practices for leave-without-pay

This memorandum report provides the follow up status of recommendations as determined from our review of the Charter Schools Compensation Practices for leave-without-pay special project which was completed July 19, 2016. Our follow up procedures included a review of the status of Management's Responses to the reported findings and recommendations; including department personnel interviews and inquiries and examination and verification of supporting documents.

We performed a review of supporting evidence provided by management and staff responsible for resolving the findings and recommendations. We believe that the evidence obtained provides a reasonable basis for our determination of the status of management's response.

Summary

Our follow up review disclosed that management has fully implemented all of the recommendations outlined in the original report.

We appreciate the cooperation and assistance provided by management and staff in the completion of this follow up process. Should you have questions or need clarification, please do not hesitate to contact Oscar Claudio at (239) 242-3382 or Andrea Butola at (239) 242-3380.

C: Jacqueline Collins, Interim Superintendent
John Szerlag, City Manager
Michael Ilczyszyn, Assistant City Manager
Dolores Menendez, City Attorney
Rebecca van Deutekom, City Clerk
Lisa Sonogo, Human Resources Director
Audit Committee

RESULTS

Objective one:

Finding: – The contract (Section 4. Compensation) talks about two rates of pay (daily rate and installments) and commingles their discussion in the same paragraph. It also does not clearly define these terms. This has caused confusion and led to difficulties for administrators. We believe that significant improvements could be made to more clearly communicate Management’s intentions and avoid misunderstandings in the future.

Recommendation 1: We recommend that the contract include a clause to address cases where approved leave-without-pay is taken by a teacher. This clause should articulate that the Daily Installment Rate going forward will be recalculated and reduced to cover the value of the contract days worked.

Follow up status of Recommendation:

The review of the current Teacher Employment Agreement (Agreement) for the three teachers tested in the original report in comparison to the FY2015 agreements, disclosed that Management had addressed and updated the contract language to clearly define the intentions presented in Section 4 Compensation of the Agreement. The current contract included a clause that articulated the recalculation of the Daily Installment Rate. Inclusion of the language and definitions of terms satisfies the recommendation; therefore, we consider this recommendation fully implemented.

Recommendation 2: We recommend that contract terminology be clearly defined and include the following terms: Daily Contract Rate, Daily Installment Rate, Recalculated Daily Installment Rate.

Follow up status of Recommendation:

Management has established written policies and procedures that define the contract terminologies outlined in the recommendation; therefore, we consider this recommendation fully implemented.

Objective two:

Finding: – There were errors made in determining the Recalculated Daily Installment Rate for teachers who had taken leave-without-pay. These errors resulted in a Recalculated Daily Installment Rate that was inaccurate. Some of the factors found to lead to these calculation errors were:

- Not verifying supplied data used in recalculations against the available controlled reliable source of data found in the Kronos Payroll Reporting Software application.
- Same terminology used for multiple purposes. (Daily Rate was used to refer to both the Daily Contract Rate and the Daily Installment Rate).
- Misunderstanding of the methodology required.
- Misunderstanding of the application of the Daily Installment Payments to holidays.

- Lack of attention to details in EXCEL recalculation worksheet preparation.

Recommendation 3. We recommend:

- Data used to recalculate the Daily Installment Rate be taken from or verified against the Kronos Payroll Reporting Software application and that this verification be reviewed and approved by an additional staff member, preferably a supervisor. This review and approval should be documented by a signature indicating that the reviewer is now accountable for the accuracy of the data and the calculations.
- The staff members tasked with supplying data and performing these recalculations be trained so there is a clear understanding of the process requirements.
- Terms used to discuss, prepare and document the data and recalculation process should be standardized and clearly defined for all users. We suggest the use of those terms we have identified in this document above. The terms used should be consistent with those used in the contract and should be used when discussing the recalculation process with the teacher.
- Documented policies and procedures be prepared for the recalculation process.

Follow up status of Recommendations:

Management has established written policy and procedures for the Charter Schools to administer the teachers leave-without-pay process and calculation. This policy and procedures document addressed the concerns stated in the recommendations mentioned above.

- The calculation of leave-without-pay days and adjusted total contract compensation is conducted by the HR Charter School Liaison and verified by another party (either an HR, Finance or a Charter School staff member).
- Contract terminologies such as Total Contract Compensation; Daily Contract Rate; Installment Rate; Daily Installment Rate; Adjusted Total Contract Compensation; and Recalculated Daily Installment Rate were addressed and defined in the policy and procedures document.
- The “Leave-without-pay Recalculation of Daily Installment Rate” template has been created and put into use to standardize the calculation performance and minimize human error.

Management’s corrective actions have satisfied the stated recommendations; therefore, we consider these recommendations to be fully implemented.