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OFFICE OF THE STATE OF SUPERINTENDENT OF EDUCATION  
 FINDINGS AND RECOMMENDATIONS *(Continued)*

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2014-08

*Some Pay Rates Not Supported with Adequate Documentation*

**Finding:**

Of sixty (60) payroll transactions reviewed, the pay rate for thirty transactions did not agree to the Personnel Action Form (PAF) forms reviewed. We reviewed the earnings statements and timesheets supporting the hours worked and determined that the costs appear reasonable and consistent with adjusted salary bases. No adjustment to the cost report has been proposed for this item. We have noted this finding as a deficiency in internal control over compliance.

**Regulation(s):**

- **OMB Circular A-87, Cost Principles** states, "...to be allowable under Federal awards, costs must be adequately documented. Costs must also be necessary and reasonable for proper efficient performance and administration of Federal awards.
- **Provider Reimbursement Manual (PRM)-Part I: 2304.1** – A participating provider of services must make available to its Intermediary its fiscal and other records for the purpose of determining its ongoing record keeping capability. The Intermediary's examination of such records and documents are necessary to ascertain information pertinent to the determination of the proper amount of program payments due the provider.

**Recommendation:**

We understand that the pay rates resulting from AFSCME wage negotiations were retroactively changed as a result of personnel negotiations. The former existing record of the pay rates were overridden by the changes. OSSE should have provided a crosswalk between the prior salary bases and the newly enacted base which resulted from the Union Agreement. All documentation supporting claims for reimbursements for health related services provided for Medicaid eligible students need to be maintained. OSSE should work with the Office of Pay and Retirement Services to ensure that a document trail is created for all pay adjustments.

**Management's Response:**

*Findings:* OSSE concurs with the Auditor's findings.

*Recommendation:* OSSE concurs with the Auditor's recommendations. OSSE's Human Resources department will continue to work closely with the Office of Pay and Retirement Services (OPRS) to ensure that a new payroll transaction is entered for any and all pay rate changes. Entering a new payroll transaction will create a separate Personnel Action Form (PAF) for record keeping purposes, eliminating the issue of pre-existing pay rate data being erased.