



# Duanesburg Central School District Separation Payments

## Report of Examination

Period Covered:

July 1, 2012 — November 30, 2013

2014M-67



Thomas P. DiNapoli

# Table of Contents

	Page
<b>AUTHORITY LETTER</b>	2
<b>INTRODUCTION</b>	
Background	3
Objective	3
Scope and Methodology	3
Comments of District Officials	4
<b>SEPARATION PAYMENTS</b>	5
<b>APPENDIX A</b> Response From District Officials	6
<b>APPENDIX B</b> Audit Methodology and Standards	8
<b>APPENDIX C</b> How to Obtain Additional Copies of the Report	9
<b>APPENDIX D</b> Local Regional Office Listing	10

# State of New York Office of the State Comptroller

---

## **Division of Local Government and School Accountability**

June 2014

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Duanesburg Central School District, entitled Separation Payments. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*

# Introduction

## Background

The Duanesburg Central School District (District) is located in the Towns of Duanesburg and Princetown in Schenectady County, the Towns of Charleston and Florida in Montgomery County, the Town of Knox in Albany County and the Town of Wright in Schoharie County. The District is governed by the Board of Education (Board) comprising seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the chief executive officer of the District and is responsible, along with other administrative staff, for the day-to-day management of the District under the direction of the Board.

There are two school buildings in operation within the District, with approximately 870 students and 155 employees. The District's budgeted general fund appropriations for the 2013-14 fiscal year are approximately \$14.4 million, funded primarily with State aid, real property taxes and grants.

Although the President of the Board is the District's chief fiscal officer, many of the financial management functions are the responsibility of the Superintendent and Business Administrator. The Superintendent is authorized to certify payroll and manages the educational affairs of the District. The Business Administrator supervises all functions within the business office, including supervising the Treasurer, who is designated as the custodian of District funds, and the payroll clerk, who is responsible for processing all payroll transactions.

## Objective

The objective of our audit was to examine the District's calculation of separation payments. Our audit addressed the following related question:

- Were separation payments to employees calculated correctly?

## Scope and Methodology

We examined the calculation and processing of separation payments to employees of the Duanesburg Central School District for the period July 1, 2012 through November 30, 2013.

Our overall goal was to assess the adequacy of the internal controls put in place by officials to safeguard District assets. To accomplish this, we performed an initial assessment of the internal controls so that we could design our audit to focus on those areas most at risk. Our initial assessment included evaluations of the following areas: financial oversight, cash receipts and disbursements, purchasing,

payroll and personal services and information technology (IT). Based on that evaluation, we determined that controls appeared to be adequate and limited risk existed in most of the financial areas we reviewed. We did determine that risk existed in the area of separation payments and, therefore, we examined the District's calculation and processing of separation payments.

Our audit also disclosed areas in need of improvement concerning IT controls. Because of the sensitivity of this information, these vulnerabilities are not discussed in this report but have been communicated separately to District officials so they could take corrective action.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix B of this report.

**Comments of  
District Officials**

The results of our audit have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report.

## Separation Payments

Leave time is an employee benefit generally granted in negotiated collective bargaining agreements and individual employee contracts. Employees earn a fixed number of days each year for vacation, illness and personal use. School districts often provide cash payments (separation payments) to employees for all or a portion of their earned but unused leave time when they leave district service. District employees should be paid only the amounts to which they are entitled.

The District has seven collective bargaining agreements (CBA), which include a provision for employees to receive a separation payment for unused sick leave if they retire and receive benefits from the New York State & Local Retirement System or the New York State Teachers' Retirement System. District officials must ensure that separation payments are accurately calculated and authorized by employment contracts or Board resolutions.

We found that District officials have established adequate internal controls over separation payments. When an employee leaves District service, the Board approves the retirement or resignation, and the payroll clerk reviews leave records and produces an attendance report showing the employee's leave accrual balances. The payroll clerk also reviews the employee's CBA to determine the amount of unused leave time and the rate of pay the departing employee is entitled to, if applicable, in order to calculate the separation payment and notes the calculation of the separation payment on the attendance report. The payroll clerk then provides the attendance report with the separation payment calculation to the Treasurer, who reviews the employee's leave accrual balances and the CBA to verify that the amount of eligible leave time and the rate of pay used in the calculation are accurate. Finally, the Treasurer approves the calculation and the payroll clerk processes the separation payment.

During our audit period, 21 employees left District service and two of the employees were eligible to receive separation payments totaling \$2,048, based on their CBA, for unused sick time. We discussed a minor exception with District officials. Overall, the District has designed appropriate internal controls over employee separation payments and those controls are operating effectively.

**APPENDIX A**

**RESPONSE FROM DISTRICT OFFICIALS**

The District officials' response to this audit can be found on the following page.





## Duanesburg Central School District

Central Office  
133 School Drive  
Delanson, NY 12053  
518-895-2279

Elementary School  
165 Chadwick Road  
Delanson, NY 12053  
518-895-2580

Jr./Sr. High School  
163 School Drive  
Delanson, NY 12053  
518-895-2355

---

*"To be a socially responsible school community where learning and the pursuit of excellence are valued."*

June 19, 2014

Jeffrey P. Leonard  
Chief Examiner  
Office of the State Comptroller  
Division of Local Government and School Accountability  
One Broad Street  
Glens Falls, NY 12801-4396

Dear Mr. Leonard:

The Duanesburg Central School District is in receipt of a draft audit report of the Duanesburg Central School District on Separation Payments for the period July 1, 2012 to November 30, 2013 prepared by the Office of the State Comptroller. On behalf of the Board of Education, we would like to thank the field local staff of the Comptroller's Office. They were professional, courteous and thorough in conducting their duties associated with this audit.

It has been, and will continue to be, the goal of the Duanesburg Central School District to provide our students with an outstanding education in a fiscally responsible manner. The District has taken its responsibilities of financial oversight very seriously and extends its gratitude to the Comptroller's Office for confirming our successful accomplishment of that goal.

Respectfully submitted,

Robert Fiorini  
President, Board of Education

Jmb

---

Fax Numbers  
Central Office: 518-895-2626  
Elementary School: 518-895-2957  
High School: 518-895-9971

Auto-Attendant Numbers  
Central Office: 518-895-5350  
Elementary School: 518-895-8310  
High School: 518-895-5350



## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the adequacy of the internal controls put in place by officials to safeguard District assets. To accomplish this, we performed an initial assessment of the internal controls so that we could design our audit to focus on those areas most at risk. Our initial assessment included evaluations of the following areas: financial oversight, cash receipts and disbursements, purchasing, and payroll and personal services and information technology.

During the initial assessment, we interviewed appropriate District officials, performed limited tests of transactions and reviewed pertinent documents, such as District policies and procedures manuals, Board minutes and financial records and reports. In addition, we obtained information directly from the computerized financial databases and analyzed it electronically using computer-assisted techniques. This approach provided us with additional information about the District's financial transactions as recorded in its databases. Further, we reviewed the District's internal controls and procedures over the computerized financial databases to help ensure that the information produced by such systems was reliable.

After reviewing the information gathered during our initial assessment, we determined where weaknesses existed and evaluated those weaknesses for the risk of potential fraud, theft or professional misconduct. Based on that evaluation, we determined that controls appeared to be adequate and limited risk existed in most of the financial areas we reviewed. We then decided on the reported objective and scope by selecting for audit those areas most at risk. We selected separation payments for further audit testing.

To accomplish the objective of the audit and obtain valid audit evidence, our procedures included the following steps:

- We interviewed District staff and reviewed the procedures used for approving and processing lump-sum payments to employees upon separation from the District.
- We reviewed all 21 employees who left District service to determine if they were eligible for a lump-sum payment.
- We examined the supporting records of the two separation payments made during our scope period to determine if the payments were supported and correctly calculated according to the collective bargaining agreement.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **APPENDIX C**

### **HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT**

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller  
Public Information Office  
110 State Street, 15th Floor  
Albany, New York 12236  
(518) 474-4015  
<http://www.osc.state.ny.us/localgov/>

**APPENDIX D**  
**OFFICE OF THE STATE COMPTROLLER**  
**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Gabriel F. Deyo, Deputy Comptroller  
Nathaalie N. Carey, Assistant Comptroller

**LOCAL REGIONAL OFFICE LISTING**

---

**BINGHAMTON REGIONAL OFFICE**

H. Todd Eames, Chief Examiner  
Office of the State Comptroller  
State Office Building - Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313  
Email: [Muni-Binghamton@osc.state.ny.us](mailto:Muni-Binghamton@osc.state.ny.us)

Serving: Broome, Chenango, Cortland, Delaware,  
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

**BUFFALO REGIONAL OFFICE**

Jeffrey D. Mazula, Chief Examiner  
Office of the State Comptroller  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510  
(716) 847-3647 Fax (716) 847-3643  
Email: [Muni-Bufferalo@osc.state.ny.us](mailto:Muni-Bufferalo@osc.state.ny.us)

Serving: Allegany, Cattaraugus, Chautauqua, Erie,  
Genesee, Niagara, Orleans, Wyoming Counties

**GLENS FALLS REGIONAL OFFICE**

Jeffrey P. Leonard, Chief Examiner  
Office of the State Comptroller  
One Broad Street Plaza  
Glens Falls, New York 12801-4396  
(518) 793-0057 Fax (518) 793-5797  
Email: [Muni-GlensFalls@osc.state.ny.us](mailto:Muni-GlensFalls@osc.state.ny.us)

Serving: Albany, Clinton, Essex, Franklin,  
Fulton, Hamilton, Montgomery, Rensselaer,  
Saratoga, Schenectady, Warren, Washington Counties

**HAUPPAUGE REGIONAL OFFICE**

Ira McCracken, Chief Examiner  
Office of the State Comptroller  
NYS Office Building, Room 3A10  
250 Veterans Memorial Highway  
Hauppauge, New York 11788-5533  
(631) 952-6534 Fax (631) 952-6530  
Email: [Muni-Hauppauge@osc.state.ny.us](mailto:Muni-Hauppauge@osc.state.ny.us)

Serving: Nassau and Suffolk Counties

**NEWBURGH REGIONAL OFFICE**

Tenneh Blamah, Chief Examiner  
Office of the State Comptroller  
33 Airport Center Drive, Suite 103  
New Windsor, New York 12553-4725  
(845) 567-0858 Fax (845) 567-0080  
Email: [Muni-Newburgh@osc.state.ny.us](mailto:Muni-Newburgh@osc.state.ny.us)

Serving: Columbia, Dutchess, Greene, Orange,  
Putnam, Rockland, Ulster, Westchester Counties

**ROCHESTER REGIONAL OFFICE**

Edward V. Grant, Jr., Chief Examiner  
Office of the State Comptroller  
The Powers Building  
16 West Main Street – Suite 522  
Rochester, New York 14614-1608  
(585) 454-2460 Fax (585) 454-3545  
Email: [Muni-Rochester@osc.state.ny.us](mailto:Muni-Rochester@osc.state.ny.us)

Serving: Cayuga, Chemung, Livingston, Monroe,  
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

**SYRACUSE REGIONAL OFFICE**

Rebecca Wilcox, Chief Examiner  
Office of the State Comptroller  
State Office Building, Room 409  
333 E. Washington Street  
Syracuse, New York 13202-1428  
(315) 428-4192 Fax (315) 426-2119  
Email: [Muni-Syracuse@osc.state.ny.us](mailto:Muni-Syracuse@osc.state.ny.us)

Serving: Herkimer, Jefferson, Lewis, Madison,  
Oneida, Onondaga, Oswego, St. Lawrence Counties

**STATEWIDE AUDITS**

Ann C. Singer, Chief Examiner  
State Office Building - Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313