



St. Lawrence-Lewis Board of Cooperative Educational Services Payroll

Report of Examination

Period Covered:

July 1, 2014 – May 31, 2016

2016M-371



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	1
INTRODUCTION	2
Background	2
Objective	2
Scope and Methodology	2
Comments of BOCES Officials	3
PAYROLL	4
APPENDIX A Response From BOCES Officials	5
APPENDIX B Audit Methodology and Standards	7
APPENDIX C How to Obtain Additional Copies of the Report	8
APPENDIX D Local Regional Office Listing	9

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

December 2016

Dear Board of Cooperative Educational Services (BOCES) Officials:

A top priority of the Office of the State Comptroller is to help BOCES officials manage BOCES resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support BOCES operations. The Comptroller oversees the fiscal affairs of BOCES statewide, as well as BOCES' 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 BOCES operations and Board of Education governance. Audits also can identify strategies to reduce BOCES costs and to strengthen controls intended to safeguard BOCES assets.

Following is a report of our audit of the St. Lawrence-Lewis BOCES, entitled Payroll. 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 New York State General Municipal Law.

This audit's results are resources for BOCES 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 St. Lawrence-Lewis Board of Cooperative Educational Services (BOCES) is a public entity serving 18 component school districts. BOCES is governed by a nine-member Board of Education (Board) elected by the boards of the component districts. The Board is responsible for the general management and control of BOCES' financial and educational affairs. The District Superintendent (Superintendent) is BOCES' chief executive officer and serves dual roles. The Superintendent is responsible, along with other administrative staff, for BOCES' day-to-day management and for regional educational planning and coordination. The Superintendent also serves the State as a representative for the New York State Commissioner of Education.

Combined, the component districts educate approximately 16,000 students in St. Lawrence and Lewis counties, with 1,200 students attending BOCES programs. BOCES delivers approximately 50 educational and administrative services to its component districts and employs 620 full- and part-time staff members. BOCES' 2015-16 fiscal year budget of \$59.3 million was funded primarily by charges to school districts for services and State and federal aid.

The Board approves the hiring of all new employees and accepts all resignations and retirements before any changes to the payrolls are made. In addition, human resource staff adds new employees' information and pay rates in the computerized payroll system, payroll clerks process the payrolls and the Superintendent reviews and certifies the payrolls before payments are made to the employees.

Objective

The objective of our audit was to evaluate the accuracy of BOCES' payroll payments. Our audit addressed the following related question:

- Did BOCES accurately pay employees' salaries and wages?

Scope and Methodology

We examined BOCES' procedures related to payroll for the period July 1, 2014 through May 31, 2016.

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 are included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning

the value and/or relevant population size and the sample selected for examination.

**Comments of BOCES
Officials**

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

Payroll

Payroll represents a large portion of BOCES' annual budget. Budgeted salaries and wages for 2015-16 totaled approximately \$23 million, or about 39 percent of the total budget. Therefore, BOCES officials must ensure that adequate procedures are in place so that employees' salaries and wages are paid according to the amounts authorized by the Board. The Board approves employee compensation through collective bargaining agreements (CBAs), employee contracts for those not covered under a CBA and Board resolutions. A well-designed payroll processing system can provide assurance that employees are paid in accordance with Board resolutions and contract terms and that transactions are authorized by management.

We reviewed payroll payments made to 30 employees¹ with combined total gross pay of \$117,740 during December 2015 to determine whether salaries and wages were accurately paid. We also reviewed overtime payments to four employees totaling \$3,278 to determine if the payments were adequately supported by time records and employee contracts. Lastly, we reviewed salary change reports for two months during our audit period to determine if salary changes were authorized.

BOCES officials established and adhered to good procedures for processing and verifying payroll payments. BOCES' procedures for authorizing new employees (by the Board), entry of employees and salary into the payroll system (by human resources staff), payroll processing (by the payroll clerks) and payroll review and certification (by the Superintendent) provided adequate segregation and oversight of payroll transactions to ensure that the employees we reviewed were accurately paid at Board-authorized rates.

We commend BOCES officials for designing and implementing adequate payroll procedures to ensure that employees were accurately paid the salaries and wages to which they were entitled.

¹ See Appendix B for information on our sampling methodology.

APPENDIX A

RESPONSE FROM BOCES OFFICIALS

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



**St. Lawrence-Lewis
BOCES**

*Building Futures *
Creating Meaningful Lives*

Board of Cooperative Educational Services

Office of the District Superintendent

PO Box 231, 40 West Main Street

Canton, NY 13617

Phone: (315) 386-4504 ♦ Fax: (315) 386-2099

tburns@slloboces.org

Thomas R. Burns
District Superintendent/Executive Officer

December 5, 2016

Office of the State Comptroller
Division of Local Government & School Accountability
PSU – CAP Submission
110 State Street, 12th Floor
Albany, New York 12236

To the Chief Examiner
Office of the State Comptroller
Division of Local Government & School Accountability:

Please accept our gratitude and approval of the audit and report for the St. Lawrence-Lewis BOCES payroll services, for the period of July 1, 2014 through May 31, 2016.

It is a testament to the hard work and quality provided by the St. Lawrence-Lewis BOCES business office that the audit report contains no recommendations or findings. We also would like to commend the OSC auditors for their detailed work, professionalism, and helpfulness during their time at our facility.

If we can be of further assistance, please do not hesitate to contact me at the contact information above.

Sincerely,

Thomas R. Burns,
District Superintendent/Executive Officer

TRB:mab

Cc: N. Ashley, Director of Financial Affairs
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APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed BOCES officials and employees and reviewed Board minutes to gain an understanding of the procedures used to process payrolls.
- We identified and reviewed the negotiated CBAs, employment contracts and Board-approved pay rates from resolutions in effect during our audit period to determine the specific employment conditions established by the Board.
- We randomly selected 25 employees paid in December 2015 and judgmentally selected five additional employees paid in December 2015 who are involved in the payroll process. We reviewed payroll payments made to these employees to ensure the amount of pay received during the month was authorized according to employee contracts and that time records supported the time worked by hourly employees. We reviewed personnel files and attendance records to ensure all employees selected were active employees.
- We randomly selected 10 pay period dates during our audit period and reviewed the respective payroll journals and time records to identify employees with high overtime payments. We identified four employees and verified payments to time records and employee contracts for accuracy.
- We judgmentally selected two months in our audit period (October and November 2015) and reviewed corresponding salary change reports to determine whether changes made by the payroll clerks were authorized and documented. We selected these two months without any known bias or any expectation of more, or fewer, salary changes to occur.

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.

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