



Wynantskill Union Free School District

Payroll

Report of Examination

Period Covered:

July 1, 2014 – December 31, 2015

2016M-66



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

June 2016

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 Wynantskill Union Free School District, 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 a resource 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 Wynantskill Union Free School District (District) is located in the Towns of North Greenbush, Brunswick and Poestenkill in Rensselaer County. The District is governed by the Board of Education (Board), which is composed of five 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 District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The District operates one school with approximately 350 students and 90 employees. The District's budgeted appropriations for the 2015-16 fiscal year are \$8.8 million, which are funded primarily with State aid, real property taxes and grants.

Objective

The objective of our audit was to review the District's payroll payments. Our audit addressed the following related question:

- Did the District accurately pay employee's salaries and wages?

Scope and Methodology

We examined the salaries and wages paid to District employees for the period of July 1, 2014 through December 31, 2015.

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 size of the relevant population and the sample selected for examination.

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. District officials agreed with our report.

Payroll

The Board is responsible for ensuring that the District has adequate procedures to ensure employees are paid salaries and wages according to the Board-approved amounts. The Board approves amounts to be paid through collective bargaining agreements (CBAs) and individual employee contracts. An effective payroll system can provide assurance that employees are paid in accordance with contract provisions and that payroll transactions are authorized by management.

As with all school districts, payroll represents a large portion of the District's annual budget. Salaries and wages including overtime totaled approximately \$3.7 million¹ or 42 percent of the District's general fund expenditures for the 2014-15 fiscal year. The significant costs involved with payroll highlight the need for adequate procedures in this area.

District officials established adequate procedures for payroll to ensure employees were accurately paid at their approved salaries or wages. Specifically, the Board approves the hiring of all new employees and accepts all resignations and retirements before any changes are made to the payroll records. The account clerk (clerk) enters all District employee information and pay rates into the computerized payroll system based on Board-approved salaries and wages that are provided to her by the District Treasurer.

Department heads review and approve all time sheets, which are subsequently reviewed by the Treasurer. The clerk enters all time sheet information into the payroll system and processes the payroll based on approved source documents such as time sheets, substitute teacher sign-in logs and approved salaries. The Superintendent then reviews and certifies the payrolls prior to payments being made to the District's employees. After the payroll is certified, the Treasurer makes the appropriate bank transfers and initiates the automated clearing house (ACH)² file to make the direct deposit payments into employee accounts. The clerk then prints the payroll checks for employees who have elected to receive their net pay by check.

We reviewed District records to determine if the District paid employees according to their respective CBAs or employment agreements. We examined the payroll records for 20 employees³

¹ The \$3.7 million in salaries and wages does not include employee benefits, such as healthcare and pensions costs.

² The automated clearing house is an electronic network used to process large volumes of electronic payments between banks.

³ Fifteen randomly selected and five judgmentally selected based on their involvement with the payroll process

for the 2014-15 fiscal year to determine whether they were paid at their approved salary or hourly rate and that their gross pay was calculated correctly. We found that all payments reviewed were accurate and supported by a District employment agreement or CBA. In addition, we reviewed 10 randomly selected payrolls processed during our scope period to determine whether they were certified by the Superintendent. We found that all 10 payrolls were reviewed and certified by the Superintendent.

Establishing and adhering to a good system for processing and verifying payroll payments helps ensure that employees will be accurately paid their salaries and wages. We commend District officials for establishing an effective system that ensures the accuracy of compensation paid to employees.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

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

Wynantskill Union Free School District

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Phone: (518)283 4600 x14 Fax: (518)283-3799*

Superintendent of Schools

April 28, 2016

Jeffrey Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, N. Y. 12801

Dear Mr. Leonard:

We want to thank the Office of the State Comptroller (OSC) and your team for the 2014-2015 audit. Our Board of Education relies on our internal and external auditors, such as OSC, to ensure that we manage our operations as efficiently and effectively as possible, and provide our constituents a great value for their tax dollars.

The Wynantskill Union Free School District Board of Education and management team fully agree with the audit's conclusions that we have established and implemented effective payroll procedures. Since there were no audit findings or recommendations there is no need for a corrective plan.

We thank you for your time and, should you have any questions, never hesitate to contact me.

Sincerely,

Thomas B. Reardon, Ed.D.
Superintendent of Schools

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

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

- We interviewed District officials and employees to learn about the procedures used to process payrolls.
- We reviewed CBAs and individual employee contracts in effect during our audit period to ensure salary payments were properly authorized and in accordance with the agreements.
- We reviewed the payroll records for 20 employees for the fiscal year of July 1, 2014 through June 30, 2015 to determine the annual gross pay received. We selected 15 employees using the random number generator. The other five employees were selected judgmentally based on their involvement with the payroll process.
- We reviewed 10 payrolls selected using the random number generator to ensure that they were certified by the District's designated officer.

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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