

Troy City School District

Payments for Unused Leave Accruals

JUNE 2021



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Troy City School District

Audit Objective

Determine if District officials of the Enlarged City School District of Troy (District) accurately calculated payments for unused leave accruals.

Audit Results

During the audit period, the District paid 51 employees a total of \$477,000 for their unused leave accruals. We reviewed payments totaling \$270,000 that were paid to 14 employees and found District officials accurately calculated the payments. Therefore, no recommendations were made.

However, District officials identified unused sick leave reporting errors for District retirees. These errors were reported in submissions to the New York State Local Retirement System. Although these errors are beyond the scope of this audit, they are being reviewed and are in the process of being adjusted.

Background

The District serves the City of Troy and Town of Brunswick in Rensselaer County.

The elected nine-member Board of Education (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 its day-to-day management.

Quick Facts

Total Unused Leave Paid to 51 employees	\$477,000
2018-19 Payroll and Benefit Expenditures	\$58.7 million
2019-20 Appropriations	\$114.2 million
Students	3,986
Employees	803

Audit Period

July 1, 2018 – February 29, 2020

Payments for Unused Leave Accruals

How Should Unused Leave Accruals Be Paid?

Unused leave accruals represent time off earned but not used by employees. If there are provisions that allow for the payment of unused leave accruals, district officials are responsible for ensuring accuracy of the payment. To ensure accuracy, there should be procedures in place and a review of all payments.

The District has three collective bargaining agreements (CBAs): non-instructional staff; teaching staff; and administrators. The District also has 11 individual contracts for management confidential positions such as the Superintendent and Assistant Superintendents. The CBAs and contracts stipulate the terms and benefits for all employees, including provisions related to earning and using leave accruals and the payment of unused leave accruals. Provisions are as follows:

- The CBA with the teachers association only allows for the payment of unused sick leave upon retirement.
- Non-instructional staff covered under the CBA can elect to get paid for 10 unused vacation days per year during employment if the District is notified by January 31 the year the employee intends on selling back the unused days, at retirement or a combination of both, up to a maximum of 30 days. Non-instructional staff can also elect to have their unused sick leave, up to 217 days, paid out at retirement.
- Administrators can elect to have a portion of unused sick and vacation leave paid annually, at retirement or a combination of both. Unused sick leave is paid up to 60 days per year with a maximum of 245 sick days during employment or at retirement. Vacation leave is paid up to 10 days per year with a maximum of 65 days during employment or at retirement.
- The individual contracts have various terms that allow for payment of unused leave accruals either during employment, at retirement or a combination of both based on the individual covered. The maximum amount of days per year or at retirement, and required notification to the District varies based on the employment contract.

Unused Leave Accruals Are Paid Correctly

Employees notify Human Resources that they would like to be paid for unused leave accruals. A Human Resources employee will verify the employee's eligibility and the availability of the unused leave accruals, then forward the request to the senior account clerk (clerk) in the payroll department to process. An employee can choose to be paid in one payment or multiple payments. All payroll disbursements are reviewed by the Assistant Superintendent for Business and Superintendent prior to the employee receiving the requested payment.

During the audit period, the District disbursed \$477,000 to 51 employees for unused leave accruals. We reviewed payments totaling \$270,000 made to the 14 employees paid for leave accruals of at least \$12,000 during the audit period to determine if the payments were accurate. Our sample included:

- Certain administrators currently employed by the District, including the Superintendent, an Assistant Superintendent, the Director of Athletics and an Assistant Principal,
- Four retired teachers, and
- Four retired non-instructional staff.

In order to ensure the unused accrual balances were accurate, we verified the process used was effective, which included testing accrual balances of employees, including an assistant principal who received payment of unused accruals, to ensure accruals were credited, deducted and carried forward in accordance with CBAs and individual contracts.

Conclusion

For the payments we reviewed, we found District officials accurately calculated payment of unused leave accruals.

District officials accurately calculated payment of unused leave accruals.

Appendix A: Response From District Officials



John Carmello
Superintendent of Schools

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March 4, 2021

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Division of Local Government and School Accountability
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RE: District Response to Examination #2020M-167

To whom it may concern:

The Board of Education and administration for the Enlarged City School District of Troy have reviewed the report referenced above. On behalf of the District and entire school community, we are extremely pleased that the examination did not identify any findings requiring corrective action. District employees and administration take great pride ensuring proper safeguards are in place, to protect the financial assets of the District.

In addition, the school community would like to recognize the on-site auditors for their professionalism and cooperation, especially during the onset of the pandemic. This was an unprecedented time for both the State Comptroller's Office and the School District. The Troy City School District views this audit report and the overall examination as an important feedback tool to confirm and improve local procedures.

Sincerely,

John Carmello
Superintendent of Schools

Appendix B: Audit Methodology and Standards

We conducted this audit 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. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials to gain an understanding of how unused leave accruals are paid.
- We reviewed Board approved CBAs and individual contracts to determine the terms authorizing the payment of unused leave accruals.
- We reviewed electronic payroll data and identified 51 employees who have received a payment of unused leave accruals. From that information we selected all employees who have received a payment of unused leave accruals of at least \$12,000 and recalculated their payments to identify any variances.
- We reviewed leave records for a sample of six employees to determine whether leave accruals were properly earned, credited and carried forward up to the maximum accumulation.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

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.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

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