

East Greenbush Central School District

Leave Accruals

JANUARY 2022



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

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Report Highlights

East Greenbush Central School District

Audit Objective

Determine whether East Greenbush Central School District (District) officials properly accounted for employees' leave accruals and correctly calculated payments for unused leave accruals.

Audit Results

District officials properly accounted for employees' leave accruals for the 30 employees we reviewed. Officials also correctly calculated payments for unused leave accruals totaling \$434,027 for the 40 employees we reviewed.

There were no recommendations resulting from this audit.

District officials agreed with our findings.

Background

The District serves the towns of East Greenbush, North Greenbush, Poestenkill, Sand Lake, Schodack and Nassau in Rensselaer County.

The 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 the District's day-to-day management. The District Treasurer oversees the business office staff including the payroll specialist. The payroll specialist is responsible for maintaining leave accruals and calculating payments for unused leave.

Quick Facts

Employees	782
2020-21 Payroll Expenditures	\$48,041,743
2021-22 Appropriations	\$103,535,117
Payments for Unused Leave During the Audit Period	\$1,112,993

Audit Period

July 1, 2019 – April 30, 2021. We extended our scope to June 30, 2021 to verify leave accrual balances communicated to certain employees.

Leave Accruals

Leave accruals represent time off earned by employees. Eligible employees accrue and can be paid for unused leave time (i.e., vacation, sick and personal) in accordance with collective bargaining agreements (CBAs) and contracts.

The District has six CBAs and five individual employment contracts that stipulate the terms and benefits for employees. All CBAs and employment contracts include provisions for eligible employees to earn and use leave accruals and to receive payments of unused leave accruals.

The board is responsible for ensuring that employee leave benefits are accurately accounted for so that employees use only the leave to which they are entitled.

How Should Leave Accruals Be Accounted For?

CBAs and contracts should clearly specify the benefits available and eligibility requirements for covered employees. To ensure accuracy, there should be written procedures that require centralized leave time maintenance and a review of all data input into the district's electronic records.

Leave accruals earned and used should be supported by accurate time and attendance records, and reviewed by supervisors prior to submission to the payroll department for processing. Earned time should be credited, deducted and carried forward based on CBA or contract provisions. Payments made for unused leave should be correctly calculated based on CBA or contract provisions.

Officials Properly Accounted for Leave Accruals

District officials developed a process to account for leave accruals. Specifically, time and attendance records are prepared by employees, reviewed and signed by department heads, and maintained in the business office. Manual records are used to document leave transactions, and leave accrual balances are maintained electronically by the payroll specialist. While two departments previously maintained their employees' accrual information, as of April 2021 officials centralized the process. The Treasurer and payroll specialist perform an annual review of leave balances. Throughout the year, leave activity and balances are communicated to some employees through a web-based application and other employees on their bi-weekly paychecks.

We reviewed time and attendance records and electronic accrual records for 30 employees to determine whether officials properly credited, deducted and carried forward leave accruals uniformly and only up to the maximum accumulation. Except for minor discrepancies which we discussed with District officials, leave accruals were properly accounted for.

Officials Correctly Calculated Payments for Unused Leave Accruals

District officials established a system over payments for unused leave accruals that includes documentation of eligibility and reviews of calculations. Specifically, the Human Resources secretaries use CBAs and employment contracts to determine eligibility for payments for unused leave accruals. The Director of Human Resources reviews the eligibility and prepares a letter for the employee that is also shared with the business office. The payroll specialist calculates the payments for retiring employees and others separating from District employment, as well as payments for unused leave accruals for active employees.

During our audit period, 180 active employees were eligible for and received payments for unused sick leave accruals totaling \$201,607. In addition, 22 employees retired or otherwise left employment and were eligible for and received payments for unused leave accruals totaling \$423,400. We reviewed payments to 40 employees totaling \$434,027 to determine whether they were correctly calculated and supported. Except for minor discrepancies which we discussed with District officials, payments were correctly calculated, according to CBA or contract provisions, and supported with attendance and accrual records.

Conclusion

District officials properly accounted for employees' leave accruals for the 30 employees we reviewed and correctly calculated payments for unused leave to the 40 employees we reviewed.

Appendix A: Response From District Officials



East Greenbush Central School District

ADMINISTRATION CENTER

29 Englewood Avenue, East Greenbush, New York 12061
Phone (518) 207-2500 Ext. 2531, Fax (518) 477-4833

Jeffrey P. Simons
Superintendent

January 3, 2022

Mr. Gary G. Gifford, Chief Examiner
NYS Office of the State Comptroller
Glens Falls Regional Office
One Broad Street Plaza
Glens Falls, New York 12801-4396

Dear Mr. Gifford:

The East Greenbush Central School District has received and reviewed the Draft Report of Examination, 2021M-177, Leave Accruals, issued by the Office of the State Comptroller for the period July 1, 2019 to April 30, 2021.

We are pleased and concur with your findings that the District has developed a system to properly account for employees' leave accruals and correctly calculate payments for unused leave.

On behalf of the District, we extend our appreciation to the audit team for their professionalism, insight and suggestions provided during the examination process.

Sincerely,

Jeffrey P. Simons
Superintendent of Schools

Linda F. Wager
Director of Business and Finance

A School and Community Working Together

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 leave accruals are earned, deducted, carried forward and paid.
- We reviewed Board-approved CBAs and individual employment contracts to determine the terms authorizing the earning, usage and payout of leave accruals.
- We used our professional judgment to select and review 30 employees' leave records to determine whether leave accruals were properly credited, deducted and carried forward up to the maximum accumulation. We compared time and attendance records to the leave documented on each employee's electronic leave record. We also reviewed leave records for proper accrual balances.
- We reviewed electronic payroll data and identified payments to 22 employees for unused leave accruals due to retirement (15) and resignation (seven) and used our professional judgment to select 18 of 180 active employees who received payments for unused sick leave accruals.
- We reviewed the supporting records for the selected payments of unused leave accruals totaling \$434,027 during the audit period to determine whether they were supported, accurately calculated, and disbursed in accordance with the terms of Board-approved CBAs and individual employment contracts.

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.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section

35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

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

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

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

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/files/local-government/publications/pdf/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

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

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