



Shenendehowa Central School District

Longevity Payments

2023M-165 | March 2024

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Report Highlights

Shenendehowa Central School District

Audit Objective

Determine whether Shenendehowa Central School District (District) officials ensured longevity payments for employees separating from service were accurate, supported and approved.

Key Findings

District officials did not ensure longevity payments for employees separating from service were accurate, supported and approved.

- District officials did not accurately calculate longevity payments for 26 of the 32 (81 percent) employees that we reviewed. As a result, 26 employees were underpaid a total of \$9,214 in longevity for separations payments during our audit period.
- Although employees covered by the Shenendehowa United Supervisors' Association (SUSA) and Management Confidential collective bargaining agreements (CBAs) receive longevity payments, their CBAs do not include language for longevity payments upon separation.

Key Recommendations

- Establish written procedures to ensure longevity payments for employees leaving District service are calculated according to the terms of the CBAs.
- Ensure CBAs include language for longevity payments upon separation.

District officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

Audit Period

July 1, 2022 – June 30, 2023

Background

The District is located in Saratoga County and serves students in the Towns of Clifton Park, Halfmoon, Ballston, Malta, Stillwater and Waterford.

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 Assistant Superintendent for Operations and Finance (Assistant Superintendent) oversees all functions of the Business Office, including longevity payments.

The Payroll and Benefits Analyst determines employees' eligibility to receive longevity payments upon separation from service and calculates the payments. The Treasurer and Assistant Superintendent review the calculations and authorize the final separation payments which include longevity.

Quick Facts

For the Audit Period:

| | |
|--|---------------|
| Budgeted Appropriations | \$194 million |
| Individuals That Separated From Employment | 165 |
| Longevity Payments | \$23,291 |
| Longevity Underpayment | \$9,214 |

Longevity Payments Upon Separation

How Should School District Officials Ensure Longevity Payments for Employees Separating from Service Are Accurately Calculated?

School district officials should establish and follow written procedures that are designed to ensure that the calculation of longevity payments upon separation are accurate and comply with the terms and conditions of a CBA. In addition, all proposed employee final payment calculations should be independently reviewed to ensure they are accurately calculated and approved by the Assistant Superintendent before payments are made. This helps to ensure that former employees receive the amounts to which they are entitled and that the payments are accurate.

Longevity Payments Were Not Accurately Calculated and Paid

The District has three CBAs that stipulate the longevity payment terms and conditions for classified (non-teaching) employees. The terms and conditions of the Civil Service Employee Association (CSEA) CBA include provisions that offer eligible employees longevity payments as District employees and upon separation from the District. While the terms and conditions of the Management Confidential and SUSA CBAs include provisions that offer eligible employees longevity payments as District employees, the two CBAs do not include provisions that outline how the longevity payments should be made upon separation from District service.

However, the District has a long-standing practice of paying all classified employees covered by the three contracts prorated longevity payments upon separation. Further, the District did not establish detailed written procedures for the calculation of longevity payments for employees who separate from the District. Instead, the District follows the prorating provisions outlined in the CSEA contract when calculating the longevity payments upon separation for all classified employees.

Management Confidential employees are paid longevity on their anniversary date and prorated longevity, if applicable, upon separation. CSEA and SUSA members typically are paid longevity in November each year for satisfactory completion of the previous school year. However, employees covered under these contracts, who resign or retire after June 30th, will receive prorated longevity payments with their final check. The CSEA and SUSA contracts include the qualifying length of service and payment tables (Figure 1).

School district officials should establish and follow written procedures that are designed to ensure that the calculation of longevity payments upon separation are accurate and comply with the terms and conditions of a CBA.

Figure 1: Longevity Payment Schedule for Fiscal Year 2022-23

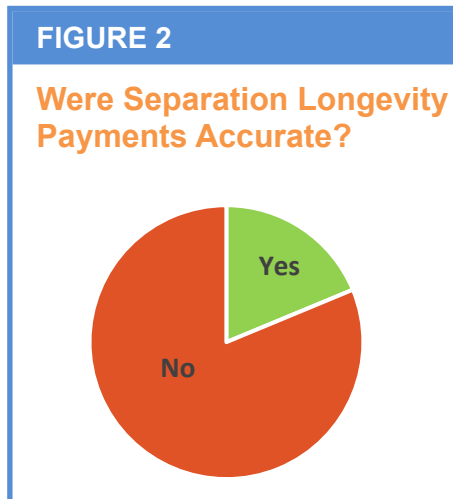
| Length of Service | SUSA | CSEA ^(a) | |
|-----------------------|-----------------------------|---------------------|-------------------|
| | Full-Time 12-Month Employee | 12-Month Employee | 10-Month Employee |
| After 5 years | \$751 | | |
| After 9 years | \$1,499 | \$480 | \$416 |
| After 14 years | \$2,250 | \$480 | \$416 |
| After 17 years | \$3,000 | | |
| After 19 years | | \$576 | \$506 |
| After 20 years | \$3,750 | | |
| After 24 years | | \$576 | \$506 |

(a) CSEA values are rounded to the nearest dollar.

The processing of a separation payment for CSEA and SUSA classified members begins after the Board’s acceptance of an employee’s request to retire or resign. The Payroll and Benefits Analyst reviews the applicable CBA to determine whether an employee is eligible for a longevity payment, calculates the longevity payment and provides the calculations and supporting documentation to the Treasurer, as part of the final separation payment for review and approval.

The calculations are approved by the Assistant Superintendent, who signs and dates the documentation before returning it to the Payroll Department to enter for final payment. While the process has adequate oversight, procedures were never documented for prorated calculations, resulting in calculation errors that were not identified during the review process.

During our audit period, the District had 165 employees separate from District employment. We reviewed payments for 32 classified employees that left District service during the school year and were paid prorated longevity payments totaling \$23,291. We recalculated payments for the 32 eligible employees and determined 26 (81 percent) (Figure 2) were underpaid a total of \$9,214. This occurred because the Assistant Superintendent did not review and verify the calculations were accurate. In addition, the errors may also have



occurred because newer employees were not provided guidance on how to perform the calculations.

District officials should provide formal guidance to employees responsible for processing longevity payments upon separation by adopting written procedures that detail how payments are calculated, clearly document eligibility requirements and ensure adequate review of these payments.

What Do We Recommend?

District officials should:

1. Establish written policies and procedures for calculating longevity payments for employees who separate from the District.
2. Ensure individuals preparing the calculations are properly trained on how to calculate the longevity payments.
3. Ensure longevity payments are accurately calculated, supported, reviewed by the Treasurer and approved by the Assistant Superintendent.
4. Consider including longevity benefit language in all CBAs and include language specifying how to calculate the payments for eligible employees who separate from the District.

Appendix A: Response From District Officials



March 5, 2024
Office of the State Comptroller

To whom it may concern,

The District is in receipt of the audit report for the period July 1, 2022 to June 30, 2023 regarding longevity payments for employees separating from service. The District concurs with the finding that the longevity component of the separation payments was calculated inconsistently. It is important to note that the applicable CBA agreements do not clearly define the calculations of longevity to be made upon the separation date of an employee. The methodology that was applied is based on accepted past practices.

Due to key turnover of all payroll positions in the last few years, as was noted in the audit report, a different calculation method was used to determine longevity amounts upon separation from the District, lending to inconsistencies. It is important to note that there isn't a single formula that applies. Each situation must be individually researched. Longevity is earned at different rates, depending on how many hours per day and how long an employee works for the District. Paper histories have been maintained for each employee back to the first appointment date, and updated any time there is a change in hours or position. Subsequently, this results in a complicated and lengthy history to review, prior to making calculations. The payroll staff under the supervision of the District Treasurer have been working on a standard electronic template to make this calculation more automated and more consistent. In addition, the District is working on a timeline to convert paper histories to electronic spreadsheets.

Please allow this audit response to also serve as the District's Corrective Action Plan:

Audit Recommendation #1:

Establish written policies and procedures for calculating longevity payments for employees who separate from the District.

Implementation Plan of Action:

The Treasurer has worked with the payroll team to document the calculation process in clear language to ensure separation longevity amounts are calculated accurately. The payroll staff under the supervision of the District Treasurer have been working on a standard electronic template to make this calculation more automated and more consistent. In addition, the District is working on a timeline to convert paper histories to electronic spreadsheets.

This process will be reviewed with the bargaining units affected by the inconsistent calculations.

Implementation Date:

The documentation process has been completed. The payroll staff have recalculated the separation longevity amounts for those employees noted in the audit report. In comparison against the audit calculations, the differences have been confirmed. A review is being made of all separation payments back to July 1, 2021 for those employees in excess of 15 years or more to confirm the calculations are consistent with the proper methodology as noted in the audit. Once completed, all payment adjustments will be made to the separated employees who were paid less than the modified amount. Once the District has reviewed the issue and proposed



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changes to be made with the affected bargaining units, the payments will be made. The timeline for completion is planned for April 30, 2024.

Person Responsible for the Implementation:

Kathleen A. Wetmore-Chase, Assistant Superintendent for Finance & Operations

Audit Recommendation #2:

Ensure individuals preparing the calculations are properly trained on how to calculate the longevity payments.

Implementation Plan of Action:

The documentation of the process has been completed. Subsequently, all payroll staff have been trained on the process using the documentation as a guide.

Implementation Date:

The documentation and training process has been completed.

Person Responsible for the Implementation:

Kathleen A. Wetmore-Chase, Assistant Superintendent for Finance & Operations

Audit Recommendation #3:

Ensure longevity payments are accurately calculated, supported, reviewed by the Treasurer and approved by the Assistant Superintendent.

Implementation Plan of Action:

Separation payments are captured on a template that includes calculations of the components of the payment. The longevity amount now requires detailed documentation of the calculation method to allow for proper review by the Treasurer and the Assistant Superintendent.

Implementation Date:

This process has been implemented.

Person Responsible for the Implementation:

Kathleen A. Wetmore-Chase, Assistant Superintendent for Finance & Operations

Audit Recommendation #4:

Consider including longevity benefit language in all CBA's and include language specifying how to calculate the payments for eligible employees who separate from the District.

Implementation Plan of Action:

The District will review the longevity language with CSEA and SUSA in upcoming negotiations. The SUSA CBA expires June 30, 2024 and the CSEA CBA expires June 30, 2025.

Implementation Date:

June 30, 2024 and June 30, 2025

Person Responsible for the Implementation:

Kathleen A. Wetmore-Chase, Assistant Superintendent for Finance & Operations

Sincerely,

Dr. L. Oliver Robinson, Superintendent

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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials and employees to gain an understanding of payroll and separation processes. In addition, we inquired whether there were any written procedures for calculating longevity payments upon separation.
- We reviewed meeting minutes containing resolutions for employee resignations, retirements and terminations. We reviewed Board-approved CBAs and individual contracts to determine the terms authorizing longevity payments.
- We identified all employees who left the District service during our audit period who were eligible for longevity payments. We selected all 32 classified employees who separated from the District during the 2022-23 school year with over 15 years of service to capture a reasonable sample.
- We examined the supporting documentation for all 32 employees in our sample to determine whether longevity calculations were accurate and in accordance with CBAs. We recalculated longevity payments using the CBAs longevity provisions and payment schedules.
- We traced our sample of longevity payments reviewed to separation payments included in the payroll data from the computerized accounting systems.

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.ny.gov/files/local-government/pdf/regional-directory.pdf

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

www.osc.ny.gov/local-government/publications

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www.osc.ny.gov/local-government/fiscal-monitoring

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www.osc.ny.gov/local-government/resources/planning-resources

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www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

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www.osc.ny.gov/local-government/required-reporting

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