

Malone Central School District

Payroll

MARCH 2018



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

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Report Highlights

Malone Central School District

Audit Objective

Determine whether employee salaries and wages were accurately paid.

Noteworthy Achievements

District officials ensured employees were accurately paid their approved salaries and wages.

- We reviewed all payroll records for 20 employees who were paid approximately \$932,000 during the audit period. District officials established an effective payroll process that segregates duties and provides appropriate oversight. We commend District officials for establishing a well-designed system for processing payroll to ensure employees are accurately paid the salaries and wages to which they are entitled.

There were no recommendations as a result of this audit.

Background

The Malone Central School District (District) is located in the Towns of Bangor, Bellmont, Brandon, Burke, Constable, Duane, Franklin, Malone and Westville in Franklin 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 chief executive officer responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction. The Business Manager oversees District business operations.

Quick Facts	
Employees	460
Enrollment	2,600
2017-18 Appropriations	\$51.8 million
Salaries and Wages Paid for the Audit Period	\$26.6 million

Audit Period

July 1, 2016 – October 31, 2017

Payroll

How Do Districts Ensure Salaries and Wages Are Accurately Paid?

Employee salaries and wages are a significant portion of District operating expenditures. The Board is responsible for ensuring that employees are paid in accordance with its resolutions, collective bargaining agreements (CBAs) and individual employee contracts. The Superintendent and the Business Manager are responsible for ensuring that a system is in place to pay the agreed upon salaries and wages and record these transactions in the financial system. A well-designed payroll process adequately segregates duties and provides an oversight and review process to ensure that employees are paid in accordance with Board authorizations and payroll transactions are appropriately recorded and authorized by management.

The District Accurately Paid Employee Salaries and Wages

The Board approves the amounts to be paid through Board resolutions, collective bargaining agreements (CBAs) and individual employee contracts and approves the hiring of all new employees. The District Clerk records employee salaries and wages, along with the effective dates, in the Board minutes. A human resource clerk enters new employee information and activates employees in the financial system (system), which enables them to receive payroll payments.

The payroll clerk enters the pay rates and the amounts to withhold and deduct from the employees' gross pay in the system. To ensure accuracy, the Business Manager's secretary reviews all employee pay rates entered in the system at the beginning of each fiscal year. In addition, designated supervisors review and approve employees' time records on a biweekly basis. The payroll clerk is responsible for entering the time worked in the system based on the approved time records.

District officials regularly reviewed payroll transactions and accurately paid employees' salaries and wages. After the payroll clerk has processed payroll, but before payroll is posted in the system, a payroll comparison report is generated from the system. This report contains a detailed list by type of earnings and deductions for any employees with a variance in these amounts from the previous pay period compared to the current pay period. The comparison report is reviewed by the payroll clerk to ensure there are no payroll processing errors.

The payroll clerk then provides the Treasurer and Business Manager with reports supporting the payroll transactions processed. These reports include, but are not limited to, an itemized direct deposit list report, payroll check report and deductions check report. The Treasurer and Business Manager review these reports to ensure payroll transactions are properly executed by the payroll clerk.

District
officials
regularly
reviewed
payroll
transactions
and
accurately
paid
employees'
salaries and
wages.

Once the payroll information has been reviewed and verified the Treasurer prints out and signs employee payroll checks. The Treasurer signs the checks electronically by entering her password into the system which authorizes her signature to be placed on the checks as they are printed. For employees receiving payroll payments through direct deposit, the payroll clerk transfers the direct deposit file to the online banking module and then releases it for payment. The Superintendent also reviews and certifies the payrolls before payments are made, which provides final managerial oversight of the payroll process.

We reviewed all gross pay calculations totaling approximately \$932,000 for 20 employees (including the payroll clerk, Treasurer and Business Manager who were directly involved in the payroll process and employees that earned and were paid overtime)¹ during our audit period to determine whether the information entered into the system agreed with the time records; pay rates agreed with Board resolutions, individual employee contracts or CBAs; and gross pay was accurately calculated. Except for minor discrepancies, which we discussed with District officials, the employee salaries and wages were accurately paid.

Conclusion

District officials accurately paid employees' salaries and wages in accordance with Board-approved contracts, resolutions and CBAs. We commend District officials for establishing a well-designed system for processing payroll to ensure employees are accurately paid the salaries and wages to which they are entitled.

¹ See Appendix B for more information on our sampling methodology.

Appendix A: Response From District Officials



President

MALONE CENTRAL SCHOOL DISTRICT

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Jerry Griffin
Collins

Superintendent

Cynthia Reyome

Business Manager

Rhonda Poirier

District Treasurer

Arlington

Board

February 27, 2018

[REDACTED]
Office of the State Comptroller
Division of Local Government Services
One Broad Street Plaza
Glens Falls, NY 12801

Re: 2017M-278 Audit Response

Dear [REDACTED]

Malone Central School District acknowledges the receipt of the draft audit report covering the period of July 1, 2016 – October 31, 2017 prepared by the Office of the State Comptroller. The audit focused on the accuracy employee salaries and wages were paid.

The district reviewed the draft audit report and found the payroll procedures identified to be accurate. The audit report did not list any findings or recommendations to improve our current payroll procedures. However, it is our goal to continue to review payroll procedures to ensure a well-designed payroll system is in place at all times.

The district would like to thank the Office of the State Comptroller for auditing the districts policies and procedures and the constructive feedback provided during the process. We would also like to acknowledge the expertise and professionalism by which your staff conducted themselves during this process.

Sincerely,

Jerry Griffin
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 and employees and reviewed the District's policy manual, Board resolutions, individual employee contracts, CBAs and various financial records and reports to gain an understanding of the District's procedures related to payroll and any associated effects of deficiencies in those procedures.
- We reviewed all gross pay calculations for 20 employees during our audit period to determine whether the information entered into the system agreed with the time records; pay rates agreed with Board resolutions, individual employee contracts or CBAs; and gross pay was accurately calculated. We judgmentally selected payroll calculation records for three employees (the payroll clerk, Treasurer and Business Manager) who were directly involved in the payroll processing during our audit period. We randomly selected calculation records for 17 additional employees who received payroll payments during our audit period.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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 relevant population size and the sample selected for examination.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

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

www.osc.state.ny.us/localgov/costsavings/index.htm

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

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

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

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

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

www.osc.state.ny.us/localgov/planbudget/index.htm

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

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.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/localgov/finreporting/index.htm

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

www.osc.state.ny.us/localgov/researchpubs/index.htm

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

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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