

Ballston Spa Central School District

Separation Payments

SEPTEMBER 2018



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

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Report Highlights

Audit Objective

Determine whether separation payments were calculated correctly and supported by employee contracts.

Noteworthy Achievements

District officials correctly paid separation payments.

- We reviewed all the separation payments totaling \$731,287 for the 36 employees who received such payments during our audit period. District officials correctly calculated and supported these payments with an applicable employee contract or collective bargaining agreement (CBA).

There were no recommendations as a result of this audit.

Background

The Ballston Spa Central School District serves the Towns of Milton, Malta and Charlton and the Village of Ballston Spa in Saratoga County.

The seven-member Board of Education (Board) is responsible for the general management and control of financial and educational affairs. The Superintendent of Schools is the chief executive officer and is responsible, along with other administrative staff, for the day-to-day management under the Board's direction. The Assistant Superintendent of Business (Assistant Superintendent) oversees the business operations.

Quick Facts

Enrollment	4,300
Employees	600
2016-17 Payroll Expenditures	\$43.2 million
2017-18 Appropriations	\$90.3 million

Audit Period

July 1, 2016 – March 31, 2018

Separation Payments

The District has five CBAs and 35 confidential-individual employment contracts that stipulate the terms and benefits for employees. All CBAs and employment contracts include provisions for eligible employees to receive a retirement incentive¹ and a payment of accrued unused personal leave at retirement.² One CBA additionally provides for a payment of accrued unused sick leave.³ Upon leaving employment, some CBAs and employment contracts also provide for a payment of accrued unused vacation leave.⁴

Once an employee notifies the District of their intention to leave employment, the human resource (HR) clerk prepares an employment termination form that is placed in the employee's personnel file. She then provides the Board with a monthly listing of employees that have retired or left employment for approval at its next meeting. For each of these employees, the HR clerk references the respective CBA or employment contract to determine whether they are eligible for a separation payment.

For the payment of accrued unused vacation leave, the HR clerk verifies the employee's accrued vacation balance, their applicable hourly or daily rate and completes a standard calculation form to determine the payment. Once the form is completed and the payout is calculated, the HR clerk signs the form and gives it to the payroll clerk to process the payment. The payroll clerk reviews the form for accuracy before processing the payment.

For each employee that retires, the HR clerk updates a shared spreadsheet with the retiree's information including the name, bargaining unit, position, date of hire, years of service, age at time of retirement, retirement tier and eligibility to receive a retirement incentive payment. The HR clerk notifies the budget analyst (analyst) that the shared spreadsheet has been updated.

The analyst reviews the spreadsheet for accuracy and determines whether the Board approved the retirement. The analyst also reviews the CBA or employment contract to determine whether an employee is eligible for a retirement incentive and the payout of accrued unused personal and sick leave. If eligible for these payments, the analyst determines the amount of accrued leave available from the electronic attendance card and completes a calculation form.

1 Eligible employees are paid 4 percent of one of the last three year's salary (selected by the retiree) times the number of years between retirement age and the age at which the retiree first becomes eligible for Social Security retirement benefits (age 62), up to a maximum of seven years. Such base salary may be selected by the retiree from any one of the said retiree's last three years of District employment.

2 Eligible employees are paid 50 percent of their base salary per diem rate for each day of personal leave accumulated in excess of 55 to 110 days (depending on the contract), up to a maximum of 50 days.

3 One of the CBAs allows eligible employees to be paid between 30 and 50 percent (depending on the number of unused sick days) of their base salary per diem rate for each day of accumulated and unused sick leave in excess of 150 days, up to a maximum of 50 days.

4 District employees who work 12 months annually are entitled to receive vacation leave. When these employees retire or leave District employment, they are eligible to be paid for the amount of accrued unused vacation leave at their current pay rate as of the last date of employment.

Both the HR clerk and payroll clerk review the calculation forms for accuracy and the Assistant Superintendent reviews a sample of these forms. Once the forms have been reviewed, the analyst provides the accounts payable clerk with a list of payments provided through an employee's retirement plan account and the payroll clerk receives a copy of the calculation forms for the employees that receive payments directly. The clerks maintain documentation showing that payments are calculated correctly and adequately supported.

How Should Separation Payments Be Made?

In addition to established wages and salaries, districts may make separation payments to employees for all or a portion of earned but unused accrued leave when the employee retires or otherwise leaves district employment. These payments are an employment benefit generally granted in CBAs or employment contracts.

Separation payments can represent significant expenditures for a district. As such, district officials should establish written procedures to ensure employees are paid the amounts to which they are entitled to and that each payment is accurate, authorized by a board-approved employment contract and adequately supported. The board should approve retirements and other separations from district employment before a payment is made.

All Separation Payments Were Correctly Calculated and Supported

District officials established a well-designed system over separation payments that included adequate written procedures covering how payments should be made. Both the HR clerk and analyst correctly calculated payments and the payments made were supported by CBAs and employment contracts. In addition, the Board approved retirements and other separations from District employment before any payments were made.

During our audit period, 36 of 129 employees who retired or otherwise left employment were eligible for and received payments totaling \$731,287. We reviewed each of these payments to determine whether they were properly calculated, supported and approved by the Board.

We found that all these payments were properly calculated and supported by an applicable CBA or employment contract. In addition, the Board approved each employees' retirement or leave from employment before a payment was made.

District officials established a well-designed system over separation payments and properly implemented the system.

Appendix A: Response From District Officials

Ballston Spa

Educating Everyone Takes Everyone

CENTRAL SCHOOL DISTRICT

Ken Slentz
Superintendent of Schools

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September 4, 2018

Jeffery P. Leonard, Chief Examiner
Office of the New York State Comptroller
Glens Falls Regional Office
One Broad Street Plaza
Glens Falls, NY 12801-4396

Dear Mr. Leonard:

On behalf of the Ballston Spa Central School District, I am submitting this letter in response to the Report of Examination completed by the Office of the State Comptroller, for the period of July 1, 2016 – March 31, 2018.

The Board of Education is very pleased that the report determined that controls over separation payments to be well designed and operating effectively. As such, no corrective action plan is required.

I would like to note our appreciation for the polite and professional manner in which the auditors assigned to our district conducted themselves. This type of examination is very time consuming for everyone involved and the process was facilitated by the courteous conduct of the audit staff.

Finally, the District's administration and Board of Education wish to express their appreciation for the Comptroller's assistance in helping the District maintain and strengthen its fiscal accountability.

Sincerely,

Mr. Kenneth G. Slentz
Superintendent of Schools

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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 reviewed CBAs, Board resolutions and employment contracts to determine the provisions authorizing retirement incentives and separation payments.
- We interviewed District management and staff to gain an understanding of the process to disburse separation payments.
- We reviewed all separation payments made to the 36 employees who received payments during our audit period to ensure they were properly calculated and supported.

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.

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

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