

# **Plainview-Old Bethpage Central School District**

## **Internal Audit Report on Detailed Testing**

May 16, 2023

JAMES E. DANOWSKI, CPA  
JILL S. SANDERS, CPA  
DONALD J. HOFFMANN, CPA  
MICHAEL J. LEONE, CPA  
CHRISTOPHER V. REINO, CPA  
ALAN YU, CPA



VINCENT D. CULLEN, CPA  
(1950 - 2013)  
PETER F. RODRIGUEZ, CPA  
(RET.)

## INTERNAL AUDIT REPORT ON DETAILED TESTING

To the Board of Education and Audit Committee  
Plainview-Old Bethpage Central School District  
Plainview, New York

We have performed the procedures described in the following pages, which were agreed to by Plainview-Old Bethpage Central School District (District), on human resources related to employee administration, employee attendance and hiring and separation of staff during the period January 1, 2022 through February 28, 2023.

The District's management is responsible for administering this area.

This engagement to apply internal control services was performed in accordance with consulting standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following pages.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the District's human resources related to employee administration, employee attendance and hiring and separation of staff. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement.

This report is intended solely for the information and use of the District and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purpose.

*Cullen & Danowski, LLP*  
May 16, 2023

## **PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**

### **Internal Audit Report on Detailed Testing**

For the Period Ended February 28, 2023

---

#### **Introduction:**

This report is categorized by processes within the Human Resources (HR) area (i.e., employee administration, employee attendance, and hiring and separation of staff), and there are five sections under each process consisting of:

- Background information
- Summary of the engagement
- Procedures performed during our detailed testwork
- Findings as a result of our review
- Recommendations to further strengthen internal controls or improve operational efficiency.

Some of the recommendations may require a reassignment of personnel duties within the District and/or a monetary investment. However, any enhancement of controls should be done after a careful cost-benefit analysis.

#### **Corrective Action Plan:**

Commissioner of Education Regulation §170.12(e)(4) requires that a corrective action plan (CAP), approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department (NYSED).

The District should submit the CAP along with the respective Internal Audit Report via the NYSED Portal.

## **PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**

### **Internal Audit Report on Detailed Testing (Continued)**

For the Period Ended February 28, 2023

---

#### **HUMAN RESOURCES – EMPLOYEE ADMINISTRATION**

##### **Background:**

Good business practice requires that the District establish proper segregation of duties and adequate controls over the human resources (HR) area. The HR departments in school districts work with the payroll departments to communicate important information about the administration of employees. These communications should ensure the completeness and accuracy of payroll related transactions (e.g., salaries, claims forms, stipends, separation payouts, etc.), changes to salaries, activating or inactivating payroll payments and the retention of proper documentation supporting the activities, to name a few. As in most school districts, payroll is one of the largest expenditures at the District.

The HR activities at the District are handled by the HR Department (Department) with responsibilities for all certified employees and all non-certified employees. The Assistant Superintendent for Human Resources oversees the Department that consists of the Secretary and the following 3 full-time clerical employees: (1) Administrative Assistant with responsibilities related to the hiring and separation of certified staff; (2) Principal Clerk with duties related to the hiring and separation of non-certified staff; and (3) Senior Personnel Clerk with responsibilities related to the hiring and separation of substitute certified staff, reconciling the attendance data entries in the WinCap system and Frontline Absence Management, as well as responsibilities related to the annual professional performance reviews (APPR) for certified staff and annual evaluations for non-certified staff.

The District utilizes the WinCap system (WinCap) that has an HR module to store employee information and a payroll module to facilitate the payroll process. This is a powerful, sophisticated product that has been tailored to meet the requirements of New York State school districts. The HR and payroll modules are fully integrated with each other and are also integrated into the financial reporting module, which is very efficient and significantly reduces the likelihood of processing errors.

##### **Summary:**

We note that the oversight and review of transactions is appropriate, the adequacy of internal controls designed to mitigate the inherent risk within the HR area is adequate, and the HR staff understands the need to have proper controls in place. We also found that the employees we interviewed demonstrated a positive attitude towards improving procedures and are knowledgeable about the requirements related to their responsibilities.

We found some opportunities to further improve operations related to HR as a result of our engagement. These items are described further in the findings and recommendations sections below. We recommend that the District consider these recommendations to further strengthen internal controls and/or improve operational efficiencies related to HR activities.

##### **Procedures:**

Our procedures related to employee administration, as per the engagement letter dated January 4, 2023 were as follows:

- Review Board policies and District procedures in detail related to the HR employee administration activities.
- Interview HR Office personnel responsible for HR activities regarding policies, procedures and systems in effect and document the strengths, weaknesses and key control attributes for testing.

## PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT

### Internal Audit Report on Detailed Testing (Continued)

For the Period Ended February 28, 2023

- Review procedures related to administrative procedures of the HR staff to ensure that processing is authorized, performed and monitored at an appropriate level.
- Review the HR activities for the period under review as follows:
  - Select 10 leaves of absence during the period and review HR files and supporting documentation for completeness and accuracy. Review calculations regarding stop and return dates and related payroll payments and review for proper authorization.
  - Review supporting documentation used by HR to document performance reviews. Select 10 employees to verify that a review was prepared.

#### **Findings:**

Review of Board policies and District procedures related to the HR employee administration activities and interviews with HR Office personnel responsible for HR activities noted:

- There are numerous Board policies related to HR within the *Series 3000 – Administration* section and the *Series 9000 – Personnel* section of the Policy Manual including *Goals and Objectives for Administration – 3000*, *Personnel Goals – 9000*, *Employee Personnel Records and Release of Information – 9160*, *Recruiting and Hiring – 9240*, *Evaluation of Staff – 9420*, *Family and Medical Leave – 9520.2*, *Leaves of Absence – 9520.5*, *Employee Absence and Leave Allowance – 9520.6* and *Staff Development – 9700*. In addition, there are employment agreements with the bargaining units and non-aligned staff that contain pertinent information related to HR, payroll and benefits.
- The District has formal procedures that are performed by staff related to key processes regarding HR employee administration activities including on-boarding new hires, leaves of absence and separations.
- The District maintains paper records related to the employees' HR files instead of using a web-based program to store documents electronically. Utilizing electronic files would enhance the filing, storage and retrieval process by allowing authorized users to access these records via computers.

Review of the procedures related to administrative procedures of the HR staff found:

- There are formal procedures to ensure that processes related to HR activities are authorized, performed and monitored at an appropriate level.

Selection of 10 leaves of absence during the period and review of HR files and supporting documentation noted:

- The HR files included accurate records and, if applicable, the calculations regarding stop and return dates and related payroll payments were properly authorized. However, there was 1 instance where the employee's HR file was missing the letter to the employee notifying them of the Board approval for their leave of absence.

Review of supporting documentation used by HR to document performance reviews and selection of 10 employees to verify that a review was prepared found: *(Note: Auditor selected an additional 10 employees to obtain a better understanding of the District's processes and procedures related to performance reviews)*

- The District has procedures to require that employee performance reviews are prepared annually for all staff. However, we found that the District was unable to provide documentation to verify that performance reviews for the 2021-22 year were completed for 7 out of the 20 employees selected for review at the time of our fieldwork. Subsequently, the District was able to provide the performance reviews for 3 of these 7 employees, which were not filed in the respective employee's HR file during our onsite review.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**  
**Internal Audit Report on Detailed Testing (Continued)**  
For the Period Ended February 28, 2023

---

**Recommendations:**

We recommend that the District consider implementing the following items to further improve internal controls and operational efficiencies within the HR area related to employee administration:

1. Continue with efforts related to setting up a web-based program to maintain the employees' files in HR. This would enhance operational efficiencies related to the retention of records and search/retrieval process to view documents, as well as, reduce the need for maintaining hard copy records.
2. Continue with efforts to ensure that the employee files in the HR Department include the letter to the employee notifying them of the Board approval related to their leave of absence within their records.
3. Ensure compliance with the established procedures to prepare a formal annual performance evaluation for all staff as required and to file this documentation in the respective employee's HR file.

**HUMAN RESOURCES – EMPLOYEE ATTENDANCE**

**Background:**

We performed a review of the District's staff attendance activities that included meetings, discussions and testwork to determine the effectiveness of the area. The District has Board policies, formal procedures, standard forms and designated employees related to staff attendance. All of the school buildings and departments have electronic time clocks that require employees to swipe in and out each day at their respective locations, with the exception of certain substitute employees who are required to complete hardcopy timesheets. In addition, all of the buildings and departments also maintain a sign in/out sheet for employees to complete in the event they did not have a swipe recorded in the WinCap Timesheets program. There are clerical staff who are responsible for reviewing the WinCap Timesheet reports and maintaining the missed swipe sign in/out sheets and providing them to their respective administrator for review and approval prior to submission to the HR and Payroll Departments.

The District utilizes the Absence Management System (a Frontline program, which was previously named AESOP) to facilitate the attendance and substitution process for instructional employees. The instructional staff are required to enter their absence into the Absence Management System and, if necessary, a substitute is assigned to fill the position.

The individual buildings staff are responsible for posting the staff attendance activities into WinCap. WinCap is the ultimate repository for tracking, maintaining and reporting staff attendance data. Generally, a clerk in each of the buildings Main Offices enters their buildings attendance information into WinCap based on the Absence Management System Reports and the Absence Request forms. After the clerk enters the information into WinCap, another clerk then reconciles the staff attendance data posted to WinCap with the Absence Request forms and the Absence Management System reports to ensure completeness and accuracy of this attendance information.

**Annual Rollover and Accruals – Benefit Time**

The District has formal procedures related to the annual rollover of benefit time. The Department performs the annual rollover of benefit time within WinCap to carryover the employees' earned, unused balances into the new fiscal year. The bargaining units' contracts include language that defines the types and amounts of benefit time to rollover each year. The Senior Personnel Clerk in the Department is responsible for the annual rollover of attendance records, which is a systematic process in WinCap, to assign earned days to employees at the start of

## **PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**

### **Internal Audit Report on Detailed Testing (Continued)**

For the Period Ended February 28, 2023

---

the fiscal year based upon their position. After the annual rollover is completed in WinCap, the clerk verifies the accuracy of the annual rollover of benefit time by reconciling the carryover amounts to the ending balances of the prior fiscal year.

The monthly accruals of benefit time are limited to certain employees who earn benefit time each month based on their bargaining unit contract. The Senior Personnel Clerk in the Department responsible for staff attendance has standard procedures to post these monthly accruals into WinCap based on the employees' earned benefit time, which depends on their years of service in the District. After posting the monthly accruals into WinCap, the clerk reviews the information for accuracy.

In addition to reviewing the Board policies, District procedures, collective bargaining agreements, and employee contracts related to staff attendance, we also interviewed the employees with responsibilities related to staff attendance. Our scope included a review of the staff attendance records for two attendance periods, one in October 2022 and one in February 2023, which included the Absence Request forms, WinCap Daily Absence Reports and the payroll reconciliation files for these chosen dates. In addition, we also selected 25 entries from WinCap posted during the period to ensure that they matched the supporting documentation contained in the respective employees' HR files.

#### **Summary:**

We found that there are opportunities to enhance the staff attendance procedures based on the results of our engagement. Refer to the findings section below for more details. We recommend that the District consider implementing the recommendations noted below to further strengthen internal controls, standardize processes and/or improve operational efficiencies related to staff attendance.

#### **Procedures:**

Our procedures related to employee attendance, as per the engagement letter dated January 4, 2023 were as follows:

- Review Board policies, District procedures, collective bargaining agreements and employee contracts related to staff attendance.
- Interview District staff responsible for recording and/or monitoring staff attendance regarding policies, procedures and systems in effect and the tracking and listing of employees during the day.
- Review the internal controls and procedures related to the staff attendance processes; note the strengths and weaknesses within the process; and identify the key control attributes for testing.
- Review the employee attendance activities during the period as follows:
  - For each school and any department which administers employee attendance recordkeeping, select 2 pay periods and compare attendance reporting to supporting documentation. On a test basis, trace absences per the records to entries into the financial (or other) system.
  - Select 25 entries identified from the financial (or other) system, made during the period and trace to supporting documentation.
  - Determine the systematic and/or manual procedures to reconcile the attendance logs to the financial (or other) system records and to ensure the completeness of the records.
  - Review the annual rollover of the employee attendance records from June 30, 2022 to July 1, 2022 for accuracy and compliance with contractual obligations. Review any unusual variances.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**

**Internal Audit Report on Detailed Testing (Continued)**

For the Period Ended February 28, 2023

---

- For any monthly award of benefit time, select 1 monthly accrual and test 25 entries to ensure compliance with contractual obligations.

**Findings:**

Review of Board policies, District procedures, collective bargaining agreements and employee contracts related to staff attendance and interviews with District staff responsible for recording and/or monitoring staff attendance noted:

- There are procedures at each location to require all staff to either sign-in and out using an electronic time clock or a hardcopy timesheet, depending on their positions within the District.
- The current procedures related to employee absence requests (i.e., personal or vacation days) requires the employees to manually prepare a standard time off request form and submit the completed hard copy form for approval by the designated administrative staff. However, the use of an electronic or digitized process would be more efficient than the current process using and routing a standard hard copy form.

For each school and any department which administers staff attendance recordkeeping, select 2 pay periods and compare attendance reporting to supporting documentation. On a test basis, trace absences per the records to entries into the financial (or other) system found:

- There were no exceptions noted during the review of the October 28, 2022 and February 3, 2023 pay periods.

Selection of 25 employee attendance entries identified from the financial (or other) system, made during the period and trace to supporting documentation noted:

- All entries selected from WinCap related to employee absences matched the supporting documentation in the respective employees' HR files.

Determining the systematic and/or manual procedures to reconcile the attendance logs to the financial (or other) system records and to ensure the completeness of the records found:

- There are adequate procedures for reconciling the attendance logs to the WinCap system records.

Review of the annual rollover of the attendance records from June 30, 2022 to July 1, 2022 for accuracy and compliance with contractual obligations noted:

- There are standard procedures and WinCap documentation to facilitate the annual rollover process performed by the Department's Senior Personnel Clerk.
- Our testing found the rollover was accurate and in compliance with contractual obligations with no findings or exceptions for those items selected for testing.

For any monthly award of benefit time, selection of 1 monthly accrual and testing of 25 entries to ensure compliance with contractual obligations found:

- There were no exceptions noted during the testing of monthly accrual amounts for employees.



## **PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**

### **Internal Audit Report on Detailed Testing (Continued)**

For the Period Ended February 28, 2023

---

#### **Recommendations:**

We recommend that the District consider implementing the following items to further improve internal controls and operational efficiencies within the HR area related to employee attendance:

4. Investigate the feasibility and functionality of utilizing technology (e.g., Frontline Absence Management system) to facilitate the District's processes related to employee absence requests regarding personal or vacation days. The use of an electronic or digitized process would be more efficient than the current process using and routing a standard hard copy form.

### **HUMAN RESOURCES – HIRING AND SEPARATION OF STAFF**

#### **Background:**

Strong internal controls require that the District establish proper segregation of duties related to the hiring and separation of employees. The HR departments in school districts work with the payroll departments to communicate important information about employee changes. These communications should ensure the completeness and accuracy of payroll related transactions (e.g., new hires, separations, stipends, separation payouts, etc.), changes to salaries, activating or inactivating payroll payments and the retention of proper documentation supporting these activities. We performed a review of the District's activities related to the hiring and separation of staff that included meetings, discussions and testwork to determine the effectiveness of these processes.

#### **Summary:**

We found that the staff we interviewed demonstrated a positive attitude towards improving procedures and are knowledgeable about the requirements related to their responsibilities. We have noted opportunities for additional enhancements based on the results of our engagement. Refer to the findings and recommendations sections below for more details.

#### **Procedures:**

Our procedures related to the hiring and separation of staff, as per the engagement letter dated January 4, 2023, were as follows:

- Review Board policies, District procedures, collective bargaining agreements and employee contracts related to the hiring and separation of staff.
- Interview employees responsible for tasks related to the hiring and separation processes regarding policies, procedures and systems in effect.
- Review the internal controls and procedures related to the employee hiring and separation processes; note the strengths and weaknesses within the process; and identify the key control attributes for testing.
- Select 10 new hires during the period under review and test compliance with key internal controls.
- Select 10 separations during the period under review and test compliance with key internal controls.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**

**Internal Audit Report on Detailed Testing (Continued)**

For the Period Ended February 28, 2023

---

**Findings:**

Review of Board policies, District procedures, collective bargaining agreements and employee contracts related to the hiring and separation of employees noted:

- There are Board policies and formal District procedures related to the hiring and separations for employees.

Interviews with employees responsible for tasks related to the hiring and separation processes regarding policies, procedures and systems in effect found:

- The District maintains manual records rather than utilizing a program to retain employee files electronically. There are various programs used in other districts that more effectively and efficiently facilitate the HR activities using electronic documents and the systematic storage of the employee files. We suggest the District consider the benefits of using a program such as this for key processes related to HR including recruitment, onboarding, records retention, benefits and separations. (Refer to recommendation #1 above within the *Employee Administration* section)

Selection of 10 new hires during the period and testing compliance with key internal controls found:

- There were no exceptions noted during the review of the selected 10 new hires as the employee's HR files included the required hiring records related to the new employee's role in the District.

Selection of 10 separations during the period and testing compliance with key internal controls noted:

- There were no exceptions noted during the review of the selected 10 separations and the respective separation payments related to unused benefit time which totaled \$410,981.

**Recommendations:**

None.

