



**PLAINVIEW-OLD BETHPAGE UNION FREE SCHOOL
DISTRICT**

REPORT ON SALARY LANE ADVANCEMENTS

SEPTEMBER 2013

September 2013

The Board of Education
Plainview-Old Bethpage Central School District
Plainview, NY 11803

Board of Education:

We have been retained to function as the internal auditor for the Plainview-Old Bethpage Central School District (hereinafter, "the District"). Our responsibility is to assess the internal control system in place for the accounting function within the District, and to make recommendations to improve upon certain control weaknesses or deficiencies. In doing so, we hope to provide assurance to the Board, the District's management, and residents, that the fiscal operations of the District are being handled appropriately and effectively.

BACKGROUND

We performed a review of internal controls of payroll and personnel and issued a report of our recommendations to the Board in November 2009. At that time, we recommended further testing of salary advancements due to lane changes. This review focused on payroll expenditures and determining if salaries were correct to ensure that internal controls are in place, functioning properly, and alleviating any inherent risks associated with the salary lane advancement process. Employees who wish to increase their salary, (i.e. teachers, guidance counselors, psychologists) must take graduate and/or in-service credits to receive a lane change.

SCOPE and TESTING

To test salary lane changes, we selected 40 employee folders who had taken graduate and/or in-service courses and examined any salary lane changes they have made through their career. This was done to determine whether the salary changes were valid, in conformity with the documented contract and procedures of the District, and that the internal controls related to salary changes are sufficient and effective. Our sample consisted of 36 teachers, 2 guidance counselors, and 2 psychologists. For each employee, we examined their personnel file and performed procedures to ensure that lane changes were correct. We verified the following:

- The necessary supporting documents, such as transcripts and in-service course completion certificates, were included in employee folders.
- No pay change took place before all documents were submitted to Human Resources.
- Graduate courses and in-service credits taken in recent years were recorded in the District's software application MyLearningPlan to confirm that they were submitted and approved before the course start date.

- Appropriate personnel forms, or other written requests to have an employee's lane advanced, were properly completed and approved.
- The employee's step and level indicated in the personnel files agreed with the step and level in the payroll files.
- Employees accumulated the necessary amount of credits for their next lane advancement.
- Employees did not have more than two lane changes per year.
- The Excel spreadsheet maintained by personnel indicated that the employee did not use more than 40 in-service credits to qualify for the lane advancement.
- The employees submitted the appropriate documents to Human Resources before the established cutoff dates (February 10 and September 10) to ensure that employees did not receive a change in pay rate in advance.

Based on our interviews, observations, and testing performed, the District has established effective internal controls over salary lane advancements. The tests performed did not result in any deficiencies and as evidenced, the District appears to have adequate internal controls for documenting and tracking credits for salary advancements. In addition, we noted that there is appropriate segregation of duties in place to ensure that risks related to salary advancements are mitigated. The detailed results of our tests are below.

A. Salary Lane Advancement Procedures

The District's contract with the teachers, guidance counselors, and psychologists stipulates that salary lane changes will occur twice per year in September and in February. Credits for advancement consist of graduate level credits from an accredited institution that are required to be related to the curriculum or area of study taught by the teacher, and must be approved in advance. The contract also provides lane advancements based on in-service credits for which a maximum of forty (40) credits can be taken during the entire course of a teacher's career. Teachers receive 1 credit for every 15 credit hours taken.

While making the move to MA60, employees may use 40 in-service credits, and the remaining credits must be graduate level courses. The District currently has 11 lanes, which include BA, BA15, BA30, BA60, MA, MA10, MA20, MA30, MA45, MA60, and Doctorate, which can only be attained by receiving a Doctorate degree.

To ensure employees comply with the processes outlined in the contract, the District utilizes the software package MyLearningPlan to request, track, and approve all courses. All requests for classes must be approved by curriculum before the class commences. The teacher must complete a Salary Lane Change form, indicating the courses and credits taken for advancement, and provide transcripts or certificates of completion. Personnel then reviews the form, supporting documents, and ensures the appropriate approvals are included in

MyLearningPlan. Personnel then completes the Salary Employee Status Form to document the change in salary in Wincap, and then submits to payroll to process the increase. In addition, personnel has created an Excel spreadsheet to monitor the credits provided for salary advancement and to ensure that employees are not using more than 40 in-service credits towards lane changes. After the Human Resources department receives the necessary transcripts or in-service certificates, the courses are marked complete in MyLearningPlan.

There is currently no limit on how many credits an employee can take per year, however, the District has a salary level ceiling of MA60, and employees are only permitted two lane changes per year. Our review of 40 employee's lane advancements indicated that all courses appear to be related to the teacher's area of study, and we noted several instances where requests for a class were denied by curriculum.

We compared the classes on the Lane Change form to the information entered in MyLearningPlan to ensure that the number of credits agreed and that the classes were pre-approved. We noted 5 instances where the classes taken by the employee were approved after the class had commenced. However, these classes date back to over a year ago, and we were informed that the District recently began utilizing MyLearningPlan to document the approval within this application. We confirmed that classes taken in the past year have been submitted and approved before the class started.

Based on our review of the contract and procedures utilized, the District has adequate internal controls to sufficiently record, monitor, and approve salary advancements based on lane changes requested.

B. Tracking Credits

Human Resources maintains separate files containing information related to lane changes for every employee. These folders include all of the graduate credit transcripts, in-service completion certificates, Lane Change Forms, and Salary Employee Status Forms, which are the supporting documents used in tracking employees while they make the move from lane to lane. All supporting documents must be submitted before a lane change can be processed by Human Resources. As employees take courses, they generally inform Human Resources about all of the classes that they are enrolled in, but it is the employee's responsibility to keep track of how many credits they have accumulated. The Human Resources department keeps personnel files for each employee, which contains records of which classes were taken, when they were taken, and when lane changes occurred for each employee.

Credits earned towards lane advancements are tracked in an Excel spreadsheet maintained by the Human Resources department. The spreadsheet tracks both graduate credits and in-service credits separately, to easily confirm the amount of credits taken, and to verify that no teacher

has taken more than 40 in-service credits. The Excel spreadsheets are kept on a Human Resources Clerk's secured drive, and it is backed up every night. Spreadsheets are printed and placed in each teacher's folder as well.

We reviewed 40 employee folders and recalculated the number of credits, both graduate and/or in-service credits that the employee should have received during their career. We confirmed that the controls in place are functioning properly and that the proper procedures are being followed in tracking the accumulation of credits earned by employees. No exceptions noted.

C. Payroll Changes

The District processes salary changes for credit advancements two times a year, in September and in February. In order to ensure that their lane change is processed on time, employees must notify personnel by completing the Salary Lane Change form by September 10th or February 10th.

For the credits to count towards a lane change, the courses submitted must receive preapproval from Curriculum before the personnel form is sent to Human Resources. When transcripts or certificates are handed in by an employee, Human Resources marks the class complete in MyLearningPlan. Employees must provide all necessary documents for their lane change to be made effective. If an employee doesn't have all of the documents handed in by the cutoff date, the lane change will be denied for that pay period.

After classes are marked complete in MyLearningPlan, all paperwork is submitted to the Assistant Superintendent for Human Resources for approval. Once approved, Human Resources enters the change into WinCap and prepares a resolution for Board approval at the next Board of Education business meeting. Upon official approval by the Board, a request for salary change is submitted to payroll. Payroll then activates the lane change and sends a letter to the employee stating that the lane change was approved, and made effective as of September 1st or February 1st.

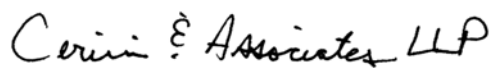
During our review of the 40 employees selected, we tested whether payroll changes were processed at the correct interval, and were processed for the correct lane advancement. We did not note any errors by the Human Resources or Payroll Department in processing salary changes.

We would like to thank the staff at the District for its cooperation and professionalism during our testing.

We understand the fiduciary duty of the Board of Education, as well as the role of the internal auditor in ensuring that the proper control systems are in place and functioning consistently with the Board's policies and procedures.

Should you have any questions regarding anything included in our report, please do not hesitate to contact us at (631) 582-1600.

Sincerely,

A handwritten signature in cursive script that reads "Cerini & Associates LLP".

Cerini & Associates, LLP
Internal Auditors