

*FOLLOW UP TO PREVIOUS REPORTS  
ISSUED TO THE BOARD OF EDUCATION*

*OF*



**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**

**AS OF MARCH 2017**

March 2017

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

Board of Education:

This report covers the results of our follow up to previously issued reports to the Board of Education. It discusses the status of management's actions on the prior recommendations made in the original reports. The purpose of the follow-up is to verify that the District has implemented the agreed-upon corrective actions to strengthen the control environment. To accomplish this, we returned to the District to interview staff, perform limited tests, and to review new procedures that have been established.

We last performed this evaluation and issued our report to the District in January 2015. This report contains remaining open recommendations from our reports of Personnel and Payroll (November 2009) and Review of Facilities (March 2012), as well as recommendations made from our Review of Online Check Processing (November 2014), Food Services POS System (April 2015), and Review of Benefits (November 2015).

The details of our original findings, as well as management's responses and the current status, are noted on subsequent pages of this report. The format is a table with columns detailing the issue and our recommendation, the control risk surrounding the issue, the risk level, the individual responsible for the corrective action, the District's response to our recommendation, and our valuation and status of the issue and implementation of the recommendation.

We would like to thank the District for its cooperation during our follow-up process. 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,



Cerini & Associates, LLP  
Internal Auditors



Original Management Letter Comment	Control Risk	Risk Level	Responsible Individual	Management's Response	Auditors' Evaluation & Status
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**REMAINING OPEN ITEMS FROM REVIEW OF PERSONNEL AND PAYROLL (NOVEMBER 2009)**

<p><b>6. Issue:</b> We noted that one employee, who is a 10 month employee of the District, started receiving their salary in July. We discussed this situation with the District who indicated that it was past practice to permit certain 10 and 11 month employees (i.e. principals, and assistant principals), to be paid starting in the July or August since these employees needed to work some days before school started. Essentially, the District is paying these types of employees in advance. It should be noted that this arrangement is not a criteria of the employee's contract agreement. Should the employee resign or be terminated after the start of the school year, the District may not be able to recoup the monies that were paid in July and/or August.</p> <p><b>Recommendation:</b> We recommend that the District decide on the proper payment procedure for those employees who are principals and assistance principals. If the District decides to pay these employees before their first start day of work, then the District should outline that the final payment will include a deduction for the payment received in advance. This procedure should be formally documented and distributed to these employees.</p>	<p>The District could be overpaying employees.</p>	<p>Moderate</p>	<p>Assistant Superintendent For Business</p>	<p>It was recommended that the District decide on the proper payment procedure for those employees who are principals and assistant principals. It was also recommended that the District outline that the final payment will include a deduction for the payment received in advance if the District decides to pay these employees before their first start day of work. The District concurs with this recommendation and is working with the 10 and 11 month administrators to rectify the proper payment procedures during the summer months. The expected completion date is Summer 2014.</p>	<p><b>Prior Evaluation Status:</b> The District will address the recommendation in the next round of negotiations.</p> <p><b>Current Status:</b> We noted that this issue is still in discussion.</p> <p><b>We will assess this recommendation during our next evaluation period.</b></p>
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**REMAINING OPEN ITEMS FROM REVIEW OF FACILITIES (MARCH 2012)**

<p><b>4. Issue:</b> The process for recording and tracking requests is currently done manually, thus increasing the risk of errors. However, the District has purchased FSDirect, a product of SchoolDude, to automate the scheduling of building uses, but it is currently not being utilized in the</p>	<p>Increased risk of errors due to manual processes.</p>	<p>Moderate</p>	<p>Director of School Facilities &amp; Operations</p>	<p>The district will work to train the appropriate staff members in the automated facilities use schedule module. It is our goal that it will be partially implemented by July 1, 2012 with a full implementation date of Fall 2012.</p>	<p><b>Prior Evaluation Status:</b> The District is planning on purchasing the USE OF FACILITIES portal from School Dude online. The expected rollout is to begin July 1, 2016.</p>
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<p>process.</p> <p><b>Recommendation:</b> We recommend that the District implement using FSDirect, and ensure all the necessary staff people are trained to use the software. In addition, we recommend that restricted access to FSDirect be extended to personnel who are involved in monitoring facility usage (i.e. custodial staff, building principals, Athletics Department). This would create an efficient application process, and it would reduce the risk of errors.</p>					<p><b>Current Status:</b> The District has recently implemented the Facilities Usage application from SchoolDude, and has entered data for groups, rooms, and schedules. The District is also in the process of training office staff and administrators on how to enter their information.</p> <p><b>As this recommendation was recently implemented, we will reassess during our next evaluation period.</b></p>

**STATUS OF RECOMMENDATIONS FROM REVIEW OF ONLINE PAYCHECK PROCESS (NOVEMBER 2014)**

<p><b>1. Issue:</b> One employee did not sign in or out for two out of a ten day pay period reviewed. We were informed that this was a newly hired teacher in the District, and the District immediately sent out a reminder to inform the teacher of District policy. We confirmed the employee had indeed worked that day. Additionally, we noted two teachers who did not sign out for one of the ten days within the tested pay period. We also noted a few instances where the timesheet records only displayed the time in/time out but did not document total hours worked per day.</p> <p><b>Recommendation:</b> The District should ensure that all building attendance records (sign in/sign out sheets) are fully completed by employees before it is signed off by appropriate District management and payment to any employee is made. Employees that are not properly completing attendance or timesheet records should be</p>	<p>The District could be erroneously paying employees for time they were not entitled to.</p>	<p>Moderate</p>	<p>Assistant Superintendent For Business</p>	<p>The District agrees with this recommendation and will review at the next Leadership Team meeting the procedures for timesheets. This will ensure that the approving administrators check for completed timesheets by respective employees. The expected completion date is Fall 2015.</p>	<p><b>Prior Evaluation Status:</b> To ensure that employee attendance is being properly tracked, we recommend that the building attendance personnel review the timesheets and indicate the status of an employee who does not sign in on a particular day (e.g., out ill, in meetings, personal day, etc.).</p> <p><b>Current Status:</b> We noted that attendance sheets are being reviewed and properly completed.</p> <p><b>This issue has been resolved.</b></p>
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<p>notified in a timely fashion requesting resolution of their omissions on such reports, and ensure proper supervisory approval of changes. Follow-up support should be documented to ensure the accountability of the employees' time. All employees' time sheets should properly show the time in and out on a daily basis as well as the total hours worked per day.</p>					
<p><b>4. Issue:</b> We noted one employee, a teacher who used to work in multiple locations, was not assigned to a building list during the pay period we reviewed.</p> <p><b>Recommendation:</b> We recommend that the Payroll department periodically check the code "99" employees to see whether building assignments can be designated.</p>	<p>The District could be paying for a salaried employee without verifying attendance records.</p>	<p>Moderate</p>	<p>Assistant Superintendent For Business</p>	<p>The District agrees with this recommendation and the Payroll Department will review with the Human Resources Department on a quarterly basis the code "99" employees to ensure everyone's location is current.</p>	<p><b>Prior Evaluation Status:</b> The mailed check list is not periodically reviewed. As such, we recommend that the list of employees assigned to building code "99" is periodically reviewed by the Human Resources department.</p> <p><b>Current Status:</b> We confirmed that the list of employees assigned to building code "99" is being reviewed.</p> <p><b>This issue has been resolved.</b></p>

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<b>STATUS OF RECOMMENDATIONS FROM REVIEW OF BENEFITS (NOVEMBER 2015)</b>					
<p><b>1. Issue:</b> Formal documented procedures have not been prepared. While the Benefits Administrator has prepared notes on many of the processes that are to be performed within the department, formal procedures do not exist. In addition, we noted that the District has not assigned a dedicated back-up to perform the benefits administration should the need arise</p> <p><b>Recommendation:</b> We commend the Benefits Clerk's efforts to commence documenting the specific procedures to be performed. We recommend that the District create formal procedures which detail specific processes that are to be performed such as enrolling new employees, ensuring forms are completed and returned, and entering employee's benefits information in WinCap (the financial software application utilized by the District). The creation of formalized procedures will also serve as a guide for a back-up person to perform certain tasks, in the event that the Benefits Clerk should be out of the office. In addition, we recommend that the District assign another person to receive training in benefits and work with the current Benefits Clerk to ensure continuity of operations.</p>	<p>Loss of continuity of historical knowledge. Increased risk of benefits administered improperly or inefficiently.</p>	<p>Moderate</p>	<p>Assistant Superintendent For Business</p>	<p>The District will begin creating a formal procedures manual documenting our regular benefits administration procedures and routines. The District agrees that cross-training is an important strategy in maintaining continuity and improving accuracy. Business office administration will assign other personnel to be trained in the Benefits Clerk's duties.</p>	<p>We noted that the District is still in the process of creating formal procedures of the benefits processes.</p> <p><b>Status: We will evaluate this recommendation at our next assessment period.</b></p>
<p><b>2. Issue:</b> Documents to support family coverage were lacking. Our sample of the 54 individuals tested included 27 employees who received family coverage. We noted that the majority of these 27 employees' files, many of which were hired before the current Benefits Clerk was with the District, did not have supporting documents (marriage license, birth certificate) verifying</p>	<p>The District may be paying for insurance an employee is not entitled to.</p>	<p>Low</p>	<p>Assistant Superintendent For Business</p>	<p>The Benefits Clerk will continue to acquire the proper dependent documentation.</p>	<p>We noted that the District requires such documentation for new hires and is part of the documents required for the on-board process for Human Resources. The Benefits Clerk has started to keep proof of family coverage (e.g. marriage certificate, birth certificate, tax return) for any changes and employees hired this</p>

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<p>existence of dependents. The current Benefits Clerk has advised us that she has been recently requiring proof for any life event change, and copies of marriage and birth certificates have been filed in the employee's benefits folder. In addition, we noted that NYSHIP performed their own eligibility audit in 2009, and was responsible for notifying all District employees to submit proof of family status in order to continue receiving family coverage. Those employees who did not comply or did not have proper documentation to substantiate family coverage were automatically switched to single coverage.</p> <p><b>Recommendation:</b> We are aware that the Benefits Clerk has been requiring proof of family coverage eligibility and has been working to ensure employee files have all the proper documents. We applaud this effort and recommend that the District continue ensuring all proper documentation is in the employee's files.</p>					<p>year.</p> <p><b>Status:</b> This issue has been resolved.</p>
<p><b>3. Issue:</b> Increased risk of errors in retiree payment calculation. Retirees are given the choice to have their Medicare Part B reimbursement deducted from the insurance premium amount owed to the District. While we did not note any exceptions in our testing of payments received by retirees as well as payments made by the District, we noted that the District deducts the Medicare Part B reimbursement amount from the health insurance premium owed. As such, it was more difficult to verify that proper payments were being remitted to the District.</p>	<p>There is an increased risk that the amount owed to the District could be miscalculated, making it more difficult to determine the cause for any discrepancies in the amounts owed.</p>	<p>Moderate</p>	<p>Assistant Superintendent For Business</p>	<p>Beginning January 1, 2016, the District will require separate transactions for Medicare Part B reimbursement. Retirees will pay the District the full amount of the premium owed. The District will reimburse eligible retirees by issuing a check.</p>	<p>We noted that the District is not separating the transactions, and is netting the reimbursement for the Medicare Part B payment from the health insurance payment owed to the District. As the Medicare Part B premium amount for 2017 is no longer a standard rate, the District will be required to obtain documentation of the premium payments from all retirees in order to determine the exact amount to be reimbursed. As such, we continue to recommend that the District keep the Medicare Part B reimbursements separate from any insurance</p>

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<p><b>Recommendation:</b> We recommend that the District separate the transactions for requiring payments from retirees and reimbursing employees for Medicare Part B.</p>					<p>payments owed by retirees and surviving spouses.</p> <p><b>Status:</b> We will evaluate this recommendation at our next assessment period.</p>
<p><b>4. Issue:</b> Missing Medicare attestation. We verified that the District received signed attestations from those retirees who were Medicare eligible. We noted that one attestation for the Medicare Part B reimbursement could not be located; however the retiree was reimbursed. Further review of the files indicated that this appears to be an isolated incident.</p> <p><b>Recommendation:</b> To ensure that the District is properly reimbursing retirees for Medicare, we recommend that reimbursements only be made when the District has received a signed attestation.</p>	<p>The District may be reimbursing a retiree unnecessarily.</p>	<p>Low</p>	<p>Assistant Superintendent For Business</p>	<p>District management has reinforced the importance of acquiring proper and current documentation to support Medicare part B reimbursement.</p>	<p>We noted the District is requiring the attestation before reimbursing for Medicare Part B premiums.</p> <p><b>Status:</b> This issue has been resolved.</p>
<p><b>5. Issue:</b> Payment calculation for COBRA individual on Medicare is understated. We noted that one former employee, who was eligible for Medicare, was charged incorrectly for the COBRA payment. The District deducted the Medicare Part B reimbursement from the total premium the individual owes for health insurance. In addition, the District calculated the 2% administrative fee based on the net amount, rather than the total health insurance premium, resulting in a slightly lower amount charged. The annual underpayment totaled \$25.28.</p> <p><b>Recommendation:</b> We recommend that the District separate the transactions for requiring payments from retirees and</p>	<p>The District may be overpaying for health insurance benefits.</p>	<p>Moderate</p>	<p>Assistant Superintendent For Business</p>	<p>The District acknowledges this inconsistency. The District will document its procedure to reflect that the 2% administration fee must be based on the total health insurance premium.</p>	<p>At the time of our follow up, there were no employees on COBRA. We did confirm that the District had modified its process to add the 2% administration fee to the total health insurance premium.</p> <p><b>Status:</b> This issue has been resolved.</p>



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reimbursing employees for Medicare Part B. In addition, the District should calculate the 2% administrative fee on the total premium amount.					
<p><b>6. Issue:</b> Increased risk of errors in surviving spouse payment calculation. While we did not note any exceptions in our testing of payments received by surviving spouses as well as payments made by the District, we noted that the District deducts the Medicare Part B reimbursement amount from the health insurance premium owed. As such, it is more difficult to verify that proper payments were being remitted to the District.</p> <p><b>Recommendation:</b> We recommend that the District separate the transactions for requiring payments from retirees and reimbursing employees for Medicare Part B.</p>	There is an increased risk that the amount owed to the District could be miscalculated, making it more difficult to determine the cause for any discrepancies in the amounts owed.	Moderate	Assistant Superintendent For Business	Beginning January 1, 2016, the District will require separate transactions for Medicare Part B reimbursement. Retirees will pay the District the full amount of the premium owed. The District will reimburse eligible retirees by issuing a check.	<p>As noted in issue #3, the District is not separating the Medicare Part B reimbursement from the health insurance payment owed to the District.</p> <p>As such, we continue to recommend that the District keep the Medicare Part B reimbursements separate from any insurance payments owed by retirees and surviving spouses.</p> <p><b>Status:</b> We will evaluate this recommendation at our next assessment period.</p>