



Bayport-Blue Point Union Free School District

Leave Accruals

Report of Examination

Period Covered:

July 1, 2013 – March 31, 2015

2015M-202



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	1
INTRODUCTION	2
Background	2
Objective	2
Scope and Methodology	2
Comments of District Officials and Corrective Action	2
LEAVE ACCRUALS	4
Recommendations	5
APPENDIX A Response From District Officials	6
APPENDIX B Audit Methodology and Standards	8
APPENDIX C How to Obtain Additional Copies of the Report	9
APPENDIX D Local Regional Office Listing	10

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

October 2015

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their district's resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Bayport-Blue Point Union Free School District, entitled Leave Accruals. This audit was conducted 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.

This audit's results and recommendations are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Bayport-Blue Point Union Free School District (District) is located in the Town of Islip, in Suffolk County. The District is governed by the Board of Education (Board), which is composed of seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the District's chief executive officer and is responsible, along with the Assistant Superintendent for Finance and Operations and other administrative staff, for the District's day-to-day management under the Board's direction. The Assistant Superintendent for Human Resources is responsible for implementing procedures to maintain accurate leave records and ensure proper oversight over leave benefits.

The District operates five schools with approximately 2,440 students and 650 full and part-time employees. The District's budgeted appropriations for the 2014-15 fiscal year were \$68.3 million, which were funded primarily with real property taxes, State aid and grants. Budgeted appropriations for payroll and employee benefits for 2014-15 totaled \$51.5 million, or about 75 percent of the total budget.

Objective

The objective of our audit was to determine if the District properly accounted for employee leave accruals. Our audit addressed the following related question:

- Did District officials ensure that leave accruals were properly verified and recorded?

Scope and Methodology

We examined the District's leave accrual procedures and records for the period July 1, 2013 through March 31, 2015.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. 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 size of the relevant population and the sample selected for examination.

Comments of District Officials and Corrective Action

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, with a copy forwarded to the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The Board should make the CAP available for public review in the District Clerk's office.

Leave Accruals

Leave accruals represent time off earned by employees. Collective bargaining agreements (CBAs) and employment contracts should establish each employee's entitlement to leave benefits. District officials are responsible for ensuring employees can only accrue, use and be paid for leave time to which they are entitled. Accordingly, Department officials should ensure there is supervisory approval for leave time taken, including a verification of the accruals available at the time. District officials should also ensure periodic reviews of leave accrual records and balances are conducted to assure that leave time earned and used is properly tracked for each employee and each employee's record is accurate.

District officials generally ensured that leave accruals were properly recorded. However, we found supervisors did not verify that leave accrual balances were available prior to approving leave requests because they did not have access to current leave balance data for employees. Additionally, because there were no periodic reviews of leave accrual records and balances, input errors may not be detected and corrected in a timely manner.

Employees are entitled to several types of leave, including personal, vacation and sick days, based on their respective CBAs or individual employment contracts. The Assistant Superintendent for Human Resources is responsible for implementing procedures to maintain accurate leave records and ensure proper oversight over leave benefits. The payroll clerk¹ prepares and disseminates annual leave balance reports to all employees, usually in September of each year. These reports show the accrued leave balances for each employee, and each employee has 30 days to respond if any discrepancies are noted.

The District's software program allows employees to submit leave requests electronically to their immediate supervisors or department heads for approval. A clerk in the Superintendent's office (clerk) prints weekly reports of daily activities from the leave request software and inputs the approved leave requests into the financial accounting software leave accrual application (financial software) and prints reports.

Although employee leave balances are available in the financial software, supervisors do not have access to employees' leave balances. As a result, they cannot determine if days are available prior to

¹ The payroll clerk is also the purchasing agent.

approving requests and must, therefore, approve requests on an honor system. In addition, due to recent turnover of personnel for the leave accrual function, there is no supervisory review of the clerk's work to ensure leave time earned and used are accurate and in accordance with CBAs and employment contracts. Although employees are sent reports on an annual basis, the leave balances should still be reviewed by someone independent of the process.

We selected 60 transactions² and found six transactions³ (totaling six days) that were recorded in the leave request software and sign-in sheets as sick days used. The employees submitted leave requests and the supervisors approved the leave requests without ensuring the employees had adequate balances available. However, these transactions were properly recorded as leave without pay in the financial software and the employees were appropriately not paid for these days because they did not have sufficient leave balances.

Except for minor discrepancies that we discussed with District officials, employees' leave records were accurate. However, supervisors were approving leave requests on an honor system. This resulted in supervisors initially approving leave requests for employees who did not have sufficient accruals available. Although the employees were not paid for these days, this may result in employees being paid for unavailable leave and the need to subsequently dock their paychecks to recover overpayments. In addition, the lack of oversight of the clerk's work could result in input errors by the clerk that may not be detected and corrected in a timely manner.

Recommendations

District officials should:

1. Provide supervisors with employee leave balances periodically so they can determine if employees have sufficient leave balances prior to approving leave.
2. Ensure there is a periodic supervisory review of leave records to ensure the leave time earned and used are accurate and in accordance with CBAs and employment contracts.

² Sixty transactions from two months covering 44 employees; see Appendix B for methodology

³ Leave used by three employees

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following page.

Dr. Vincent Butera
Superintendent of Schools
Dr. Timothy P. Hearney
Assistant Superintendent for
Curriculum and Instruction
Michael S. Cipriani
Assistant Superintendent for
Finance and Operations



Bayport-Blue Point Union Free School District

Board of Education
Anthony Sanseviro, President
Michael Miller, Vice President
Daniene Byrne
Leonard Camarda
James March
Gina Murphy
Christopher Richardt

September 25, 2015

Mr. Ira McCracken, Chief Examiner
Division of Local Government and School Accountability
Office of the State Comptroller
NYS Office Building, Room 3A10
Veteran's Memorial Highway
Hauppauge, NY 11788-5533

Dear Mr. McCracken:

This correspondence is in reference to the recent audit of our district's Leave Accruals, Report of Examination 2015M-202 and subsequent exit discussion, held on September 24, 2015. This letter shall also serve as the district's corrective action plan.

The objective of the audit was to determine if the district properly accounted for employee leave accruals. The audit reviewed sixty transactions and determined that, although the employees submitted leave requests and had adequate balances available, the supervisory procedure required enhancements to ensure proper execution of the request. It is also noted that transactions were properly recorded as leave without pay and the employees did not receive pay for the requested leave when there wasn't a sufficient balance in the leave bank.

The district concurs with the recommendations of providing supervisors with leave balances prior to approving leave in conjunction with conducting a periodic review of leave records to ensure the balances are in accordance with collective bargaining agreements and employment contracts.

The district will begin implementing authorization for supervisors to have read access to the personnel attendance screen containing employee attendance data to ensure an employee has an adequate leave balance prior to authorizing a leave request. To further strengthen procedures, the appropriate administrator will receive a quarterly leave bank report for all employees under his or her supervision. Finally, attendance data will be printed on each employee's pay stub indicating available leave balance ensuring the employee has knowledge of their available leave bank.

Although this audit did not indicate any substantial or material deficiencies in the district's current procedure, it is the intention of the district and board of education to strengthen all procedures where applicable.

Sincerely,

Dr. Vincent Butera
Superintendent of Schools

c: Board of Education
Mr. Michael Cipriani, Assistant Superintendent for Finance & Operations

189 Academy Street, Bayport, New York 11705-1799 (631)472-7860 Fax (631)472-7817

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

The objective of our audit was to determine if the District properly accounted for employee leave accruals for the period July 1, 2013 through March 31, 2015. To accomplish the objective and obtain valid evidence, we performed the following audit procedures:

- We reviewed individual CBAs, employment contracts and Board-approved policies.
- We interviewed key personnel to obtain an understanding of the accrued leave process and supervisory approvals.
- We selected 60 out of 693 leave used transactions during November 2013 and February 2015, covering three classes of employees to include teacher assistants, clerical staff and aides, for a total of 44 employees. We selected Mondays and Fridays for November and Tuesdays for February. We compared reports from the leave request software to reports from the leave accrual program in the financial software and to sign-in sheets to verify the accuracy of the records and determine if there was adequate supervisory oversight over the approval of leave requests.

We conducted this performance audit in accordance with GAGAS. 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

HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller
Public Information Office
110 State Street, 15th Floor
Albany, New York 12236
(518) 474-4015
<http://www.osc.state.ny.us/localgov/>

APPENDIX D
OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Andrew A. SanFilippo, Executive Deputy Comptroller
Gabriel F. Deyo, Deputy Comptroller

LOCAL REGIONAL OFFICE LISTING

BINGHAMTON REGIONAL OFFICE

H. Todd Eames, Chief Examiner
Office of the State Comptroller
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313
Email: Muni-Binghamton@osc.state.ny.us

Serving: Broome, Chenango, Cortland, Delaware,
Osego, Schoharie, Sullivan, Tioga, Tompkins Counties

BUFFALO REGIONAL OFFICE

Jeffrey D. Mazula, Chief Examiner
Office of the State Comptroller
295 Main Street, Suite 1032
Buffalo, New York 14203-2510
(716) 847-3647 Fax (716) 847-3643
Email: Muni-Bufferalo@osc.state.ny.us

Serving: Allegany, Cattaraugus, Chautauqua, Erie,
Genesee, Niagara, Orleans, Wyoming Counties

GLENS FALLS REGIONAL OFFICE

Jeffrey P. Leonard, Chief Examiner
Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396
(518) 793-0057 Fax (518) 793-5797
Email: Muni-GlensFalls@osc.state.ny.us

Serving: Albany, Clinton, Essex, Franklin,
Fulton, Hamilton, Montgomery, Rensselaer,
Saratoga, Schenectady, Warren, Washington Counties

HAUPPAUGE REGIONAL OFFICE

Ira McCracken, Chief Examiner
Office of the State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533
(631) 952-6534 Fax (631) 952-6530
Email: Muni-Hauppauge@osc.state.ny.us

Serving: Nassau and Suffolk Counties

NEWBURGH REGIONAL OFFICE

Tenneh Blamah, Chief Examiner
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553-4725
(845) 567-0858 Fax (845) 567-0080
Email: Muni-Newburgh@osc.state.ny.us

Serving: Columbia, Dutchess, Greene, Orange,
Putnam, Rockland, Ulster, Westchester Counties

ROCHESTER REGIONAL OFFICE

Edward V. Grant, Jr., Chief Examiner
Office of the State Comptroller
The Powers Building
16 West Main Street, Suite 522
Rochester, New York 14614-1608
(585) 454-2460 Fax (585) 454-3545
Email: Muni-Rochester@osc.state.ny.us

Serving: Cayuga, Chemung, Livingston, Monroe,
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

SYRACUSE REGIONAL OFFICE

Rebecca Wilcox, Chief Examiner
Office of the State Comptroller
State Office Building, Room 409
333 E. Washington Street
Syracuse, New York 13202-1428
(315) 428-4192 Fax (315) 426-2119
Email: Muni-Syracuse@osc.state.ny.us

Serving: Herkimer, Jefferson, Lewis, Madison,
Oneida, Onondaga, Oswego, St. Lawrence Counties

STATEWIDE AUDITS

Ann C. Singer, Chief Examiner
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417
(607) 721-8306 Fax (607) 721-8313